

105TH CONGRESS
2D SESSION

H. R. 6

AN ACT

To extend the authorization of programs under the
Higher Education Act of 1965, and for other
purposes.

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To extend the authorization of programs under the Higher
Education Act of 1965, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Higher Education
3 Amendments of 1998”.

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.
- Sec. 4. General effective date.

TITLE I—GENERAL PROVISIONS

PART A—EXTENSION AND REVISION OF GENERAL PROVISIONS

- Sec. 101. Redesignation and transfer of provisions.
- Sec. 102. Definitions.
- Sec. 103. Regulatory reform.

**PART B—PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF
 FEDERAL STUDENT FINANCIAL ASSISTANCE.**

- Sec. 111. Performance-based organization for the delivery of Federal student
 financial assistance.

**TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT
 PROGRAMS**

- Sec. 201. Urban community service.
- Sec. 202. Fund for the Improvement of Postsecondary Education.
- Sec. 203. Grants to States for workplace and community transition training for
 incarcerated youth offenders.
- Sec. 204. Advanced placement fee payment program.
- Sec. 205. Teacher quality enhancement grants.
- Sec. 206. Campus safety.
- Sec. 207. Accountability for institutions of higher education that prepare
 teachers.
- Sec. 208. Additional repeal.

TITLE III—INSTITUTIONAL AID

- Sec. 301. Strengthening institutions.
- Sec. 302. Historically black colleges and universities.
- Sec. 303. Minority science and engineering improvement program.
- Sec. 304. General provisions.

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS

- Sec. 401. Pell grants.
- Sec. 402. Federal TRIO programs.
- Sec. 403. National early intervention and partnership program.

- Sec. 404. Repeals.
- Sec. 405. Establishment of new programs.
- Sec. 406. Federal supplemental educational opportunity grants.
- Sec. 407. Grants to States for State student incentives.
- Sec. 408. Special programs for students whose families are engaged in migrant and seasonal farmwork.
- Sec. 409. Byrd scholarships.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

- Sec. 411. Limitation repealed.
- Sec. 412. Advances to reserve funds.
- Sec. 412A. Guaranty agency reforms.
- Sec. 413. Guaranty agency reforms.
- Sec. 414. Scope and duration of program.
- Sec. 415. Limitations on individual federally insured loans and Federal loan insurance.
- Sec. 416. Applicable interest rates.
- Sec. 417. Federally guaranteed student loans.
- Sec. 418. Voluntary agreements with guaranty agencies.
- Sec. 419. Federal consolidation loans.
- Sec. 420. Disbursement.
- Sec. 421. Unsubsidized Stafford loans.
- Sec. 422. Repeal of loan forgiveness.
- Sec. 423. Legal powers and responsibilities.
- Sec. 424. Student loan information.
- Sec. 425. Definitions.
- Sec. 426. Discharge.
- Sec. 427. Cancellation of loans for certain public service.
- Sec. 428. Debt management options.
- Sec. 429. Special allowances.
- Sec. 430. Loan forgiveness for child care providers.

PART C—FEDERAL WORK-STUDY PROGRAMS

- Sec. 435. Amendments to part C.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

- Sec. 436. Selection of institutions.
- Sec. 437. Terms and conditions.
- Sec. 438. Contracts.
- Sec. 439. Funds for administrative expenses.
- Sec. 440. Authority to sell loans.
- Sec. 441. Cancellation of loans for certain public service.

PART E—FEDERAL PERKINS LOANS

- Sec. 445. Amendments to part E.

PART F—NEED ANALYSIS

- Sec. 446. Cost of attendance.
- Sec. 447. Data elements.
- Sec. 448. Family contribution for dependent students.
- Sec. 449. Family contribution for independent students without dependents other than a spouse.

- Sec. 450. Family contribution for independent students with dependents other than a spouse.
- Sec. 451. Regulations; updated tables and amounts.
- Sec. 452. Simplified needs test; zero expected family contribution.
- Sec. 453. Discretion of student financial aid administrators.
- Sec. 454. Treatment of other financial assistance.

PART G—GENERAL PROVISIONS

- Sec. 461. Definitions.
- Sec. 462. Master calendar.
- Sec. 463. Forms and regulations.
- Sec. 464. Student eligibility.
- Sec. 465. State court judgments.
- Sec. 466. Information for students.
- Sec. 467. National student loan data system.
- Sec. 468. Program participation agreements.
- Sec. 469. Quality assurance and regulatory simplification.
- Sec. 470. Distance education demonstration programs.
- Sec. 471. Garnishment requirements.
- Sec. 472. Administrative subpoena authority.
- Sec. 473. Advisory committee on student financial assistance.
- Sec. 474. Meetings and negotiated rulemaking.

PART H—PROGRAM INTEGRITY

- Sec. 476. State postsecondary review program.
- Sec. 477. Accrediting agency recognition.
- Sec. 478. Eligibility and certification procedures.
- Sec. 479. Program review and data.

TITLE V—DEVELOPING INSTITUTIONS

- Sec. 501. Establishment of new title V.

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION PROGRAMS

- Sec. 601. International and foreign language studies.
- Sec. 602. Business and international education programs.
- Sec. 603. Institute for international public policy.
- Sec. 604. General provisions.
- Sec. 605. Transfer and reauthorization of graduate assistance in areas of national need program.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

- Sec. 701. Extension of prior rights and obligations.
- Sec. 702. Repeal of part A.
- Sec. 703. Extension of authorization of part B.
- Sec. 704. Extension of authorization of part C.

TITLE VIII—ADDITIONAL PROVISIONS

- Sec. 801. Study of transfer of credits.
- Sec. 802. Study of market mechanisms in Federal student loan programs.

- Sec. 803. Improvements in market information and public accountability in higher education.
- Sec. 804. Differential regulation.
- Sec. 805. Annual report on cost of higher education.
- Sec. 806. Study of consolidation options.
- Sec. 807. Educational merchandise licensing codes of conduct.
- Sec. 808. Repeals and extensions of previous higher education amendments provisions.
- Sec. 809. Limitation.
- Sec. 810. Procedures for cancellations and deferments for eligible disabled veterans.

TITLE IX—AMENDMENTS TO OTHER LAWS

PART A—EDUCATION OF THE DEAF ACT

SUBPART 1—GALLAUDET UNIVERSITY

- Sec. 901. Board of Trustees membership.
- Sec. 902. Elementary and secondary education programs.
- Sec. 903. Agreement with Gallaudet University.

SUBPART 2—NATIONAL INSTITUTE FOR THE DEAF

- Sec. 911. Agreement for the National Technical Institute for the Deaf.

SUBPART 3—GENERAL PROVISIONS

- Sec. 921. Definitions.
- Sec. 922. Audits.
- Sec. 923. Reports.
- Sec. 924. Monitoring, evaluation, and reporting.
- Sec. 925. Responsibility of the liaison.
- Sec. 926. Federal endowment programs.
- Sec. 927. Scholarship program.
- Sec. 928. Oversight and effect of agreements.
- Sec. 929. International students.
- Sec. 930. Authorization of appropriations.

PART B—EXTENSION AND REVISION OF INDIAN HIGHER EDUCATION PROGRAMS

- Sec. 951. Tribally controlled colleges and universities.
- Sec. 952. Reauthorization of provisions from Higher Education Amendments of 1992.
- Sec. 953. Reauthorization of Navajo Community College Act.

PART C—GENERAL EDUCATION PROVISIONS ACT

- Sec. 961. Access to records concerning crimes of violence.

TITLE X—FACULTY RETIREMENT PROVISIONS

- Sec. 1001. Voluntary retirement incentive plans.

TITLE XI—OFFSETS REQUIRED

- Sec. 1101. Assurance of offsets.

TITLE XII—ALCOHOL CONSUMPTION

Sec. 1201. Sense of the House of Representatives.

TITLE XIII—PROTECTION OF STUDENT SPEECH AND
ASSOCIATION RIGHTS

Sec. 1301. Protection of student speech and association rights.

TITLE XIV—DRUG AND ALCOHOL PREVENTION

Sec. 1401. Drug and alcohol abuse prevention.

TITLE XV—EQUAL OPPORTUNITY FOR INDIVIDUALS WITH
LEARNING DISABILITIES

Sec. 1501. Demonstration projects ensuring equal opportunity for individuals with learning disabilities.

TITLE XVI—SENSE OF THE HOUSE OF REPRESENTATIVES
REGARDING DETECTION OF LEARNING DISABILITIES, PARTICULARLY
DYSLEXIA, IN POSTSECONDARY EDUCATION

Sec. 1601. Sense of the House of Representatives.

TITLE XVII—SPECIAL PROVISION

Sec. 1701. Termination of effectiveness.

1 **SEC. 3. REFERENCES.**

2 Except as otherwise expressly provided, whenever in
3 this Act an amendment or repeal is expressed in terms
4 of an amendment to, or repeal of, a section or other provi-
5 sion, the reference shall be considered to be made to a
6 section or other provision of the Higher Education Act of
7 1965 (20 U.S.C. 1001 et seq.).

8 **SEC. 4. GENERAL EFFECTIVE DATE.**

9 Except as otherwise provided in this Act or the
10 amendments made by this Act, the amendments made by
11 this Act shall take effect on October 1, 1998.

1 **TITLE I—GENERAL PROVISIONS**

2 **PART A—EXTENSION AND REVISION OF**

3 **GENERAL PROVISIONS**

4 **SEC. 101. REDESIGNATION AND TRANSFER OF PROVISIONS.**

5 (a) IN GENERAL.—

6 (1) REPEAL OF TITLE I.—Title I (20 U.S.C.
7 1001 et seq.) is repealed.

8 (2) REPEAL OF TITLE XII PROVISIONS.—The
9 following sections of title XII are repealed: sections
10 1206, 1211, and 1212 (20 U.S.C. 1145a, 1145e,
11 and 1145f).

12 (3) REDESIGNATIONS.—

13 (A) Title XII is redesignated as title I.

14 (B) Sections 1201, 1202, and 1203 (20
15 U.S.C. 1141, 1142, and 1143) are redesignated
16 as sections 101, 102, and 103, respectively.

17 (C) Section 1204(b), as redesignated by
18 section 251 of the Higher Education Amend-
19 ments of 1968 (20 U.S.C. 1144(b); 82 Stat.
20 1042), is redesignated as section 104.

21 (D) Section 1204, as added by section
22 1201 of the Education Amendments of 1980
23 (20 U.S.C. 1144a; 94 Stat. 1495), is amended
24 by striking subsection (a), and by redesignating
25 subsection (b) as section 105.

1 (E) Sections 1205, 1207, 1208, 1209,
 2 1210, and 1213 (20 U.S.C. 1145, 1145b,
 3 1145c, 1145d, 1145d-1, and 1145g) are redesi-
 4 gnated as sections 106 through 111, respec-
 5 tively.

6 (4) TRANSFER.—Title I (including sections 101
 7 through 111), as redesignated by paragraph (3), is
 8 transferred to immediately follow the short title of
 9 the Higher Education Act of 1965 (20 U.S.C. 1001
 10 note).

11 (b) INTERNAL CROSS-REFERENCES.—The Higher
 12 Education Act of 1965 is amended—

13 (1) in section 106 (as redesignated by sub-
 14 section (a)(3)), by striking “481(a)” and inserting
 15 “101(a)”;

16 (2) in section 485(f)(1)(I), by striking “section
 17 1213” and inserting “section 111”;

18 (3) in section 498(j)(2), by striking “section
 19 1201(a)(2)” and inserting “section 101(a)(2)”;

20 (4) in section 591(d)(2), by striking “section
 21 1201(a)” and inserting “section 101(a)(1)”;

22 (5) in section 631(a)(8), by striking “section
 23 1201(a)” each place it appears and inserting “sec-
 24 tion 101(a)(1)”.

25 (c) CONFORMING AMENDMENTS.—

1 (1) TITLE 10, UNITED STATES CODE.—Sections
2 2193(c)(1) and 2199(2) of title 10, United States
3 Code, are each amended by striking “1201(a) of the
4 Higher Education Act of 1965 (20 U.S.C. 1141(a))”
5 and inserting “101(a)(1) of the Higher Education
6 Act of 1965”.

7 (2) TITLE 18, UNITED STATES CODE.—Section
8 207(j)(2)(B) of title 18, United States Code, is
9 amended by striking “1201(a)” and inserting
10 “101(a)(1)”.

11 (3) TITLE 39, UNITED STATES CODE.—Section
12 3626(b)(3) of title 39, United States Code, is
13 amended by striking “1201(a) of the Higher Edu-
14 cation Act of 1965 (20 U.S.C. 1141(a))” and insert-
15 ing “101(a)(1) of the Higher Education Act of
16 1965”.

17 (4) ANTI-DRUG ABUSE ACT OF 1988.—Section
18 3601(7) of the Anti-Drug Abuse Act of 1988 (42
19 U.S.C. 11851(7)) is amended by striking “1201(a)
20 of the Higher Education Act of 1965 (20 U.S.C.
21 1141(a))” and inserting “101(a)(1) of the Higher
22 Education Act of 1965”.

23 (5) CRANSTON-GONZALEZ NATIONAL AFFORD-
24 ABLE HOUSING ACT.—Section 457(9) of the Cran-
25 ston-Gonzalez National Affordable Housing Act (42

1 U.S.C. 12899f(9)) is amended by striking “1201(a)”
2 and inserting “101(a)(1)”.

3 (6) DEPARTMENT OF STATE AUTHORIZATION
4 ACT, FISCAL YEARS 1984 AND 1985.—Section 803(1)
5 of the Department of State Authorization Act, Fis-
6 cal Years 1984 and 1985 (22 U.S.C. 4502(1)) is
7 amended by striking “1201(a)” and inserting
8 “101(a)(1)”.

9 (7) EDUCATION FOR ECONOMIC SECURITY
10 ACT.—Section 3(6) of the Education for Economic
11 Security Act (20 U.S.C. 3902(6)) is amended by
12 striking “1201(a)” and inserting “101(a)(1)”.

13 (8) ELEMENTARY AND SECONDARY EDUCATION
14 ACT OF 1965.—The Elementary and Secondary Edu-
15 cation Act of 1965 is amended—

16 (A) in section 7501(4) (20 U.S.C.
17 7601(4)) by striking “1201(a)” and inserting
18 “101(a)(1)”; and

19 (B) in section 14101(17) (20 U.S.C.
20 8801(17)), by striking “1201(a)” and inserting
21 “101(a)(1)”.

22 (9) FEDERAL AGRICULTURE IMPROVEMENT
23 AND REFORM ACT OF 1996.—Section 922 of the Fed-
24 eral Agriculture Improvement and Reform Act of
25 1996 (7 U.S.C. 2279c) is amended in subsections

1 (a)(1)(B) and (b)(1) by striking “1201 of the High-
2 er Education Act of 1965 (20 U.S.C. 1141)” and in-
3 serting “101(a)(1) of the Higher Education Act of
4 1965”.

5 (10) FOLLOW THROUGH ACT.—Section 670G(5)
6 of the Follow Through Act (42 U.S.C. 9877(5)) is
7 amended by striking “1201 of the Higher Education
8 Act of 1965” and inserting “101(a)(1) of the Higher
9 Education Act of 1965”.

10 (11) FOOD AND AGRICULTURE ACT OF 1977.—
11 Section 1417(h)(1)(A) of the Food and Agriculture
12 Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is amended
13 by striking “1201(a) of the Higher Education Act of
14 1965 (20 U.S.C. 1141(a))” and inserting “101(a)(1)
15 of the Higher Education Act of 1965”.

16 (12) FOREIGN RELATIONS AUTHORIZATION
17 ACT, FISCAL YEARS 1986 AND 1987.—Section 603(d)
18 of the Foreign Relations Authorization Act, Fiscal
19 Years 1986 and 1987 (20 U.S.C. 4703(d)) is
20 amended by striking “1201(a)” and inserting
21 “101(a)(1)”.

22 (13) GENERAL EDUCATION PROVISIONS ACT.—
23 Section 429(d)(2)(B)(ii) of the General Education
24 Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is

1 amended by striking “1201(a)” and inserting
2 “101(a)(1)”.

3 (14) HARRY S TRUMAN MEMORIAL SCHOLAR-
4 SHIP ACT.—Section 3(4) of the Harry S Truman
5 Memorial Scholarship Act (20 U.S.C. 2002(4)) is
6 amended by striking “1201(a)” and inserting
7 “101(a)(1)”.

8 (15) HEAD START ACT.—Section 649(c)(3) of
9 the Head Start Act (42 U.S.C. 9844(c)(3)) is
10 amended by striking “1201(a) of the Higher Edu-
11 cation Act of 1965 (20 U.S.C. 1141(a))” and insert-
12 ing “101(a)(1) of the Higher Education Act of
13 1965”.

14 (16) HIGHER EDUCATION AMENDMENTS OF
15 1992.—Section 1371(a)(1)(B) of the Higher Edu-
16 cation Amendments of 1992 (25 U.S.C.
17 3371(a)(1)(B)) is amended by striking “1201(a)”
18 and inserting “101(a)(1)”.

19 (17) INTELLIGENCE AUTHORIZATION ACT, FIS-
20 CAL YEAR 1992.—Section 808(3) of the Intelligence
21 Authorization Act, Fiscal Year 1992 (20 U.S.C.
22 1908(3)) is amended by striking “1201(a) of the
23 Higher Education Act of 1965 (20 U.S.C. 1141(a))”
24 and inserting “101(a)(1) of the Higher Education
25 Act of 1965”.

1 (18) JOB TRAINING PARTNERSHIP ACT.—The
2 Job Training Partnership Act is amended—

3 (A) in section 4(12) (29 U.S.C. 1503(12)),
4 by striking “1201(a)” and inserting
5 “101(a)(1)”; and

6 (B) in section 141(d)(3)(B) (29 U.S.C.
7 1551(d)(3)(B)), by striking “1201(a) of the
8 Higher Education Act of 1965 (20 U.S.C.
9 1141(a))” and inserting “101(a)(1) of the
10 Higher Education Act of 1965”.

11 (19) JUSTICE SYSTEM IMPROVEMENT ACT OF
12 1979.—Section 901(a)(17) of the Justice System Im-
13 provement Act of 1979 (42 U.S.C. 3791(a)(17)) is
14 amended by striking “1201(a) of the Higher Edu-
15 cation Act of 1965 (20 U.S.C. 1141(a))” and insert-
16 ing “101(a)(1) of the Higher Education Act of
17 1965”.

18 (20) MUTUAL EDUCATIONAL AND CULTURAL
19 EXCHANGE ACT OF 1961.—Section 112(a)(8) of the
20 Mutual Educational and Cultural Exchange Act of
21 1961 (22 U.S.C. 2460(a)(8)) is amended by striking
22 “1201(a) of the Higher Education Act of 1965 (20
23 U.S.C. 1141(a))” and inserting “101(a)(1) of the
24 Higher Education Act of 1965”.

1 (21) NATIONAL AND COMMUNITY SERVICE ACT
2 OF 1990.—Sections 101(13) and 166(6) of the Na-
3 tional and Community Service Act of 1990 (42
4 U.S.C. 12511(13); 12626(6)) are each amended by
5 striking “1201(a) of the Higher Education Act of
6 1965 (20 U.S.C. 1141(a))” and inserting “101 of
7 the Higher Education Act of 1965”.

8 (22) NATIONAL DEFENSE AUTHORIZATION ACT
9 FOR FISCAL YEAR 1987.—Section 1403(4) of the Na-
10 tional Defense Authorization Act for Fiscal Year
11 1987 (20 U.S.C. 4702(4)) is amended by striking
12 “1201(a) of the Higher Education Act of 1965 (20
13 U.S.C. 1141(a))” and inserting “101(a)(1) of the
14 Higher Education Act of 1965”.

15 (23) NATIONAL DEFENSE AUTHORIZATION ACT
16 FOR FISCAL YEAR 1993.—The National Defense Au-
17 thorization Act for Fiscal Year 1993 is amended in
18 section 4451(b)(1) (10 U.S.C. 2701 note) by strik-
19 ing “1201(a) of the Higher Education Act of 1965
20 (20 U.S.C. 1141(a))” and inserting “101(a)(1) of
21 the Higher Education Act of 1965”.

22 (24) NATIONAL DEFENSE AUTHORIZATION ACT
23 FOR FISCAL YEARS 1992 AND 1993.—Section
24 3132(b)(1) of the National Defense Authorization
25 Act for Fiscal Years 1992 and 1993 (42 U.S.C.

1 7274e(b)(1)) is amended by striking “1201(a) of the
2 Higher Education Act of 1965 (20 U.S.C. 1141(a))”
3 and inserting “101(a)(1) of the Higher Education
4 Act of 1965”.

5 (25) NATIONAL DEFENSE AUTHORIZATION ACT
6 FOR FISCAL YEAR 1994.—The National Defense Au-
7 thorization Act for Fiscal Year 1994 is amended—

8 (A) in section 841(c)(2) (10 U.S.C.
9 2324(2) note), by striking “1201(a) of the
10 Higher Education Act of 1965 (20 U.S.C.
11 1141(a))” and inserting “101(a)(1) of the
12 Higher Education Act of 1965”;

13 (B) in section 1333(i)(3) (10 U.S.C. 2701
14 note), by striking “1201(a) of the Higher Edu-
15 cation Act of 1965 (20 U.S.C. 1141(a))” and
16 inserting “101(a)(1) of the Higher Education
17 Act of 1965”; and

18 (C) in section 1334(k)(3) (10 U.S.C. 2701
19 note), by striking “1201(a) of the Higher Edu-
20 cation Act of 1965 (20 U.S.C. 1141(a))” and
21 inserting “101(a)(1) of the Higher Education
22 Act of 1965”.

23 (26) NATIONAL EDUCATION STATISTICS ACT OF
24 1994.—Section 402(c)(3) of the National Education
25 Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is

1 amended by striking “1201(a)” and inserting
2 “101(a)(1)”.

3 (27) OLDER AMERICANS ACT OF 1965.—Section
4 102(32) of the Older Americans Act of 1965 (42
5 U.S.C. 3002(32)) is amended by striking “1201(a)
6 of the Higher Education Act of 1965 (20 U.S.C.
7 1141(a))” and inserting “101(a)(1) of the Higher
8 Education Act of 1965”.

9 (28) OMNIBUS PARKS AND PUBLIC LANDS MAN-
10 AGEMENT ACT OF 1996.—Section 1007(c)(5) of the
11 Omnibus Parks and Public Lands Management Act
12 of 1996 (16 U.S.C. 698u–5) is amended by striking
13 “1201(a) of the Higher Education Act of 1965 (20
14 U.S.C. 1141(a))” and inserting “101(a)(1) of the
15 Higher Education Act of 1965”.

16 (29) PUBLIC LAW 85 OF THE 67TH CON-
17 GRESS.—Public Law 85 of the 67th Congress (42
18 Stat. 208; 25 U.S.C. 13), popularly referred to as
19 the Snyder Act, is amended by striking “1201” and
20 inserting “101(a)(1)”.

21 (30) COMMUNICATION ACT OF 1934.—Section
22 223(h)(4) of the Communication Act of 1934 (47
23 U.S.C. 223(h)(4)) is amended by striking “1201 of
24 the Higher Education Act of 1965 (20 U.S.C.

1 1141)” and inserting “101(a)(1) of the Higher Edu-
2 cation Act of 1965”.

3 (31) FEDERAL WATER POLLUTION CONTROL
4 ACT.—Section 112(a)(1) of the Federal Water Pollu-
5 tion Control Act (33 U.S.C. 1262(a)(1)) is amended
6 by striking “1201” and inserting “101(a)(1)”.

7 (32) CARL D. PERKINS VOCATIONAL AND AP-
8 PLIED TECHNOLOGY EDUCATION ACT.—Section
9 347(2)(A) of the Carl D. Perkins Vocational and
10 Applied Technology Education Act (20 U.S.C.
11 2394(2)(A)) is amended by striking “1201(a)” and
12 inserting “101(a)(1)”.

13 (33) ENERGY POLICY AND CONSERVATION
14 ACT.—Section 362(f)(5)(A) of the Energy Policy
15 and Conservation Act (42 U.S.C. 6322(f)(5)(A)) is
16 amended by striking “1201(a) of the Higher Edu-
17 cation Act of 1965 (20 U.S.C. 1141(a))” and insert-
18 ing “101(a)(1) of the Higher Education Act of
19 1965”.

20 (34) JAMES MADISON MEMORIAL FELLOWSHIP
21 ACT.—Section 815 of the James Madison Memorial
22 Fellowship Act (20 U.S.C. 4514) is amended—

23 (A) in paragraph (3), by striking
24 “1201(a)” and inserting “101(a)(1)”; and

1 (B) in paragraph (4), by striking
2 “1201(d)” and inserting “101(a)(1)”.

3 (35) REHABILITATION ACT OF 1973.—Sections
4 7(32) and 101(a)(7)(A)(iv)(II) of the Rehabilitation
5 Act of 1973 (29 U.S.C. 706(32); 29 U.S.C.
6 721(a)(7)(A)(iv)(II)) are each amended by striking
7 “1201(a) of the Higher Education Act of 1965 (20
8 U.S.C. 1141(a))” and inserting “101(a)(1) of the
9 Higher Education Act of 1965”.

10 (36) TECHNOLOGY RELATED ASSISTANCE FOR
11 INDIVIDUALS WITH DISABILITIES ACT OF 1988.—Sec-
12 tion 3(8) of the Technology Related Assistance for
13 Individuals with Disabilities Act of 1988 (29 U.S.C.
14 2202(8)) is amended by striking “1201(a) of the
15 Higher Education Act of 1965 (20 U.S.C. 1141(a))”
16 and inserting “101(a)(1) of the Higher Education
17 Act of 1965”.

18 (37) TRIBALLY CONTROLLED COMMUNITY COL-
19 LEGE ASSISTANCE ACT OF 1978.—The Tribally Con-
20 trolled Community College Assistance Act of 1978 is
21 amended—

22 (A) in section 2(a)(5) (25 U.S.C.
23 1801(a)(5)), by striking “1201(a)” and insert-
24 ing “101(a)(1)”; and

1 (B) in section 113(b)(2) (25 U.S.C.
2 1813(b)(2)), by striking “1201(a) of the Higher
3 Education Act of 1965 (20 U.S.C. 1141(a))”
4 and inserting “101(a)(1) of the Higher Edu-
5 cation Act of 1965”.

6 (38) VIOLENT CRIME CONTROL AND LAW EN-
7 FORCEMENT ACT OF 1994.—The Violent Crime Con-
8 trol and Law Enforcement Act of 1994 is amend-
9 ed—

10 (A) in sections 200103 and 200202 (42
11 U.S.C. 14092; 14111), by striking “1201(a) of
12 the Higher Education Act of 1965 (20 U.S.C.
13 1141(a))” and inserting “101(a)(1) of the
14 Higher Education Act of 1965”; and

15 (B) in section 30401(b) (42 U.S.C.
16 13791(b)), by striking “a public” through “that
17 Act” and inserting “an elementary school as de-
18 fined in section 14101(14) of the Elementary
19 and Secondary Education Act of 1965, and a
20 secondary school as defined by section
21 14101(25) of such Act, which are public insti-
22 tutions”.

23 (39) SCHOOL-TO-WORK OPPORTUNITIES ACT OF
24 1994.—Section 4 of the School-to-Work Opportuni-
25 ties Act of 1994 (20 U.S.C. 6103) is amended—

1 (A) in paragraph (11)(B)(viii), by striking
 2 “section 481(b)” and inserting “section
 3 101(a)(3)”; and

4 (B) in paragraph (12), by striking “section
 5 481” and inserting “section 101(a)(2)”.

6 (40) NATIONAL AND COMMUNITY SERVICE ACT
 7 OF 1990.—Section 148(g) of the National and Com-
 8 munity Service Act of 1990 (42 U.S.C. 12604(g)) is
 9 amended by striking “section 481(a) of the Higher
 10 Education Act of 1965 (20 U.S.C. 1088(a))” and
 11 inserting “section 101(a)(2) of the Higher Edu-
 12 cation Act of 1965”.

13 **SEC. 102. DEFINITIONS.**

14 (a) INSTITUTION OF HIGHER EDUCATION.—Section
 15 101 (as redesignated by section 101(a)(3) of this Act) is
 16 amended by striking subsections (a) and (b) and inserting
 17 the following:

18 “(a) INSTITUTION OF HIGHER EDUCATION.—

19 “(1) IN GENERAL.—Subject to paragraphs (2)
 20 through (4) of this subsection:

21 “(A) PRINCIPAL CRITERIA.—The term ‘in-
 22 stitution of higher education’ means an edu-
 23 cational institution in any State that—

24 “(i) admits as regular students only
 25 persons having a certificate of graduation

1 from a school providing secondary edu-
2 cation, or the recognized equivalent of such
3 a certificate;

4 “(ii) is legally authorized within such
5 State to provide a program of education
6 beyond secondary education;

7 “(iii) provides an educational program
8 for which it awards a bachelor’s degree or
9 provides not less than a two-year program
10 that is acceptable for full credit toward
11 such a degree;

12 “(iv) is a public or other nonprofit in-
13 stitution; and

14 “(v) is accredited by a nationally rec-
15 ognized accrediting agency or association,
16 or if not so accredited, is an institution
17 that has been granted preaccreditation sta-
18 tus by such an agency or association that
19 has been recognized by the Secretary for
20 the granting of preaccreditation status,
21 and the Secretary has determined that
22 there is satisfactory assurance that the in-
23 stitution will meet the accreditation stand-
24 ards of such an agency or association with-
25 in a reasonable time.

“(B) ADDITIONAL INSTITUTIONS INCLUDED.—The term ‘institution of higher education’ also includes—

“(i) any school that provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and that meets the provision of clauses (i), (ii), (iv), and (v) of subparagraph (A); and

“(ii) a public or nonprofit private educational institution in any State that, in lieu of the requirement in subparagraph (A)(i), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

“(C) LIST OF ACCREDITING AGENCIES.—For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that he determines, pursuant to subpart 2 of part H of title IV of this Act, to be reliable authority as to the quality of the education or training offered.

“(2) DEFINITION FOR PURPOSES OF TITLE IV PROGRAMS.—

“(A) INCLUSION OF ADDITIONAL INSTITUTIONS.—Subject to subparagraphs (B) through (D) of this paragraph, the term ‘institution of higher education’ for purposes of title IV of this Act includes, in addition to the institutions covered by the definition in paragraph (1) of this subsection—

“(i) a proprietary institution of higher education;

“(ii) a postsecondary vocational institution; and

“(iii) only for the purposes of part B of title IV, an institution outside the United States that is comparable to an institution of higher education as defined in paragraph (1) of this subsection and that has been approved by the Secretary for the purpose of part B of title IV.

“(B) INSTITUTIONS OUTSIDE THE UNITED STATES.—

“(i) For the purpose of qualifying as an institution under subparagraph (A)(iii) of this paragraph, the Secretary shall establish criteria by regulation for the approval of institutions outside the United

1 States and for the determination that such
2 institutions are comparable to an institu-
3 tion of higher education as defined in para-
4 graph (1) of this subsection. In the case of
5 a graduate medical or veterinary school
6 outside the United States, such criteria
7 shall include a requirement that a student
8 attending such school outside the United
9 States is ineligible for loans made, insured,
10 or guaranteed under part B of this title
11 unless—

12 “(I)(aa) at least 60 percent of
13 those enrolled and at least 60 percent
14 of the graduates of the graduate med-
15 ical school outside the United States
16 were not persons described in section
17 484(a)(5) in the year preceding the
18 year for which a student is seeking a
19 loan under part B of title IV; and

20 “(bb) at least 60 percent of the
21 individuals who were students or
22 graduates of the graduate medical
23 school outside the United States (both
24 nationals of the United States and
25 others) taking the examinations ad-

1 ministered by the Educational Com-
2 mission for Foreign Medical Grad-
3 uates received a passing score in the
4 year preceding the year for which a
5 student is seeking a loan under part
6 B of title IV; or

7 “(II) the institution has a clinical
8 training program that was approved
9 by a State as of January 1, 1992, or
10 the institution’s students complete
11 their clinical training at an approved
12 veterinary school located in the United
13 States.

14 “(ii) For the purpose of qualifying as
15 an institution under subparagraph (A)(iii)
16 of this paragraph, the Secretary shall es-
17 tablish an advisory panel of medical ex-
18 perts that shall—

19 “(I) evaluate the standards of ac-
20 creditation applied to applicant for-
21 eign medical schools; and

22 “(II) determine the comparability
23 of those standards to standards for
24 accreditation applied to United States
25 medical schools.

1 If such accreditation standards are deter-
2 mined not to be comparable, the foreign
3 medical school shall be required to meet
4 the requirements of paragraph (1) of this
5 subsection.

6 “(iii) The failure of an institution out-
7 side the United States to provide, release,
8 or authorize release to the Secretary of
9 such information as may be required by
10 clause (i) of this subparagraph shall render
11 such institution ineligible for the purpose
12 of part B of title IV.

13 “(iv) If, pursuant to this subpara-
14 graph, an institution loses eligibility to
15 participate in the programs under title IV,
16 then a student enrolled at such institution
17 may, notwithstanding such loss of eligi-
18 bility, continue to be eligible to receive a
19 loan under part B while attending such in-
20 stitution for the academic year succeeding
21 the academic year in which such loss of eli-
22 gibility occurred.

23 “(C) LIMITATIONS BASED ON COURSE OF
24 STUDY OR ENROLLMENT.—An institution shall
25 not be considered to meet the definition of an

1 institution of higher education in subparagraph
2 (A) of this paragraph if such institution—

3 “(i) offers more than 50 percent of
4 such institution’s courses by correspond-
5 ence, unless the institution is an institution
6 that meets the definition in section
7 521(4)(C) of the Carl D. Perkins Voca-
8 tional and Applied Technology Education
9 Act;

10 “(ii) enrolls 50 percent or more of its
11 students in correspondence courses, unless
12 the institution is an institution that meets
13 the definition in such section, except that
14 the Secretary, at the request of such insti-
15 tution, may waive the applicability of this
16 clause to such institution for good cause,
17 as determined by the Secretary in the case
18 of an institution of higher education that
19 provides a 2-year or 4-year program of in-
20 struction for which the institution awards
21 an associate or baccalaureate degree;

22 “(iii) has a student enrollment in
23 which more than 25 percent of the stu-
24 dents are incarcerated, except that the
25 Secretary may waive the prohibition of this

1 clause for a nonprofit institution that pro-
2 vides a 4-year or a 2-year program of in-
3 struction (or both) for which it awards a
4 bachelor's or associate's degree or diploma,
5 respectively; or

6 “(iv) has a student enrollment in
7 which more than 50 percent of the stu-
8 dents do not have a high school diploma or
9 its recognized equivalent and does not pro-
10 vide a 4-year or a 2-year program of in-
11 struction (or both) for which it awards a
12 bachelor's or associate's degree, respec-
13 tively, except that the Secretary may waive
14 the limitation contained in this clause if a
15 nonprofit institution demonstrates to the
16 satisfaction of the Secretary that it exceeds
17 such limitation because it serves, through
18 contracts with Federal, State, or local gov-
19 ernment agencies, significant numbers of
20 students who do not have a high school di-
21 ploma or its recognized equivalent.

22 “(D) LIMITATIONS BASED ON MANAGE-
23 MENT.—An institution shall not be considered
24 to meet the definition of an institution of higher

1 education in subparagraph (A) of this para-
2 graph if—

3 “(i) the institution, or an affiliate of
4 the institution that has the power, by con-
5 tract or ownership interest, to direct or
6 cause the direction of the management or
7 policies of the institution, has filed for
8 bankruptcy; or

9 “(ii) the institution, its owner, or its
10 chief executive officer has been convicted
11 of, or has pled nolo contendere or guilty to,
12 a crime involving the acquisition, use, or
13 expenditure of funds under title IV, or has
14 been judicially determined to have commit-
15 ted fraud involving funds under title IV.

16 “(E) CERTIFICATION.—The Secretary
17 shall certify an institution’s qualification as an
18 institution of higher education in accordance
19 with the requirements of subpart 2 of part H.

20 “(F) LOSS OF ELIGIBILITY.—An institu-
21 tion of higher education shall not be considered
22 to meet the definition of an institution of higher
23 education in subparagraph (A) of this para-
24 graph if such institution is removed from eligi-

1 bility for funds under title IV as a result of an
2 action pursuant to part H of title IV.

3 “(3) PROPRIETARY INSTITUTION OF HIGHER
4 EDUCATION.—

5 “(A) PRINCIPAL CRITERIA.—For the pur-
6 pose of this subsection, the term ‘proprietary
7 institution of higher education’ means a school
8 that—

9 “(i) provides an eligible program of
10 training to prepare students for gainful
11 employment in a recognized occupation;

12 “(ii) meets the requirements of
13 clauses (i) and (ii) of paragraph (1)(A) of
14 this subsection;

15 “(iii) does not meet the requirement
16 of clause (iv) of paragraph (1)(A) of this
17 subsection;

18 “(iv) is accredited by a nationally rec-
19 ognized accrediting agency or association
20 approved by the Secretary pursuant to
21 part H of title IV;

22 “(v) has been in existence for at least
23 2 years; and

24 “(vi) has at least 15 percent of its
25 revenues from sources that are not derived

1 from funds provided under title IV, as de-
2 termined in accordance with regulations
3 prescribed by the Secretary.

4 In determining such 15 percent of revenues for
5 purposes of clause (vi), funds from programs of
6 education and training that do not meet the
7 definition of an eligible program in section
8 481(b), but are provided on a contractual basis
9 under Federal, State, or local training pro-
10 grams, or under specialized business and indus-
11 try training requests, shall be counted.

12 “(B) ADDITIONAL INSTITUTIONS.—The
13 term ‘proprietary institution of higher edu-
14 cation’ also includes a proprietary educational
15 institution in any State that, in lieu of the re-
16 quirement in clause (i) of paragraph (1)(A) of
17 this subsection, admits as regular students per-
18 sons who are beyond the age of compulsory
19 school attendance in the State in which the in-
20 stitution is located.

21 “(4) POSTSECONDARY VOCATIONAL INSTITU-
22 TION.—

23 “(A) PRINCIPAL CRITERIA.—For the pur-
24 pose of this subsection, the term ‘postsecondary
25 vocational institution’ means a school that—

1 “(i) provides an eligible program of
2 training to prepare students for gainful
3 employment in a recognized occupation;

4 “(ii) meets the requirements of
5 clauses (i), (ii), (iv), and (v) of paragraph
6 (1)(A) of this subsection; and

7 “(iii) has been in existence for at least
8 2 years.

9 “(B) ADDITIONAL INSTITUTIONS.—The
10 term ‘postsecondary vocational institution’ also
11 includes an educational institution in any State
12 that, in lieu of the requirement in clause (i) of
13 paragraph (1)(A) of this subsection, admits as
14 regular students persons who are beyond the
15 age of compulsory school attendance in the
16 State in which the institution is located.

17 “(b) STATE; FREELY ASSOCIATED STATES.—

18 “(1) STATE.—The term ‘State’ includes, in ad-
19 dition to the several States of the Union, the Com-
20 monwealth of Puerto Rico, the District of Columbia,
21 Guam, American Samoa, the Virgin Islands, the
22 Commonwealth of the Northern Mariana Islands,
23 and the Freely Associated States.

24 “(2) FREELY ASSOCIATED STATES.—The term
25 ‘Freely Associated States’ means the Republic of the

1 Marshall Islands, the Republic of Palau, and the
 2 Federated States of Micronesia.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 481 (20 U.S.C. 1088) is amended—

5 (A) by striking subsections (a), (b), and
 6 (c); and

7 (B) by redesignating subsections (d)
 8 through (f) as subsections (a) through (c), re-
 9 spectively.

10 (2) Each of the following provisions are amend-
 11 ed by striking “section 481” and inserting “section
 12 101(a)(2)”: sections 435(a)(1), 487(d), and 496(j)
 13 and (k).

14 (3) Section 498(i) (20 U.S.C. 1099c) is amend-
 15 ed by striking “section 481 (other than the require-
 16 ments in subsections (b)(5) and (c)(3))” and insert-
 17 ing “section 101(a) (other than the requirements in
 18 paragraphs (3)(A)(v) and (4)(A)(iii))”.

19 (4) Section 498(j) is amended by striking “sec-
 20 tions 481(b)(5) and 481(c)(3)” and inserting “para-
 21 graphs (3)(A)(v) and (4)(A)(iii) of section 101(a)”.

22 (5) Section 105 (as redesignated by section
 23 101(a)(3)(D)) is amended by adding at the end the
 24 following new sentence: “This subsection shall cease
 25 to be effective on October 1, 2001.”.

1 **SEC. 103. REGULATORY REFORM.**

2 Title I is amended by adding at the end the following
3 new section:

4 **“SEC. 112. REGULATORY REFORM.**

5 “(a) BIENNIAL REVIEW OF REGULATIONS.—In every
6 even-numbered year (beginning with 1998), the Sec-
7 retary—

8 “(1) shall review all regulations issued under
9 title IV of the Higher Education Act of 1965 in ef-
10 fect at the time of the review that apply to the oper-
11 ations or activities of any participant in those pro-
12 grams; and

13 “(2) shall determine whether any such regula-
14 tion is no longer necessary in the public interest.

15 “(b) EFFECT OF DETERMINATION.—The Secretary
16 shall repeal, consolidate, simplify, or otherwise modify any
17 regulation the Secretary determines to be no longer nec-
18 essary in the public interest.

19 “(c) REPORT TO CONGRESS.—The Secretary shall re-
20 port to the Congress any legislative changes necessary to
21 permit regulatory simplification under this section.”.

1 **PART B—PERFORMANCE-BASED ORGANIZATION**
 2 **FOR THE DELIVERY OF FEDERAL STUDENT**
 3 **FINANCIAL ASSISTANCE.**

4 **SEC. 111. PERFORMANCE-BASED ORGANIZATION FOR THE**
 5 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
 6 **ASSISTANCE.**

7 Title I (as amended by part A of this title) is amend-
 8 ed—

9 (1) by striking the heading of such title and in-
 10 serting the following:

11 **“TITLE I—GENERAL AND**
 12 **ADMINISTRATIVE PROVISIONS**

13 **“PART A—GENERAL PROVISIONS”;**

14 and

15 (2) by adding at the end the following new part:

16 **“PART B—ADMINISTRATIVE PROVISIONS FOR**
 17 **DELIVERY OF STUDENT FINANCIAL ASSISTANCE**
 18 **“SEC. 131. PERFORMANCE-BASED ORGANIZATION FOR THE**
 19 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
 20 **ASSISTANCE.**

21 **“(a) ESTABLISHMENT AND PURPOSE.—**

22 **“(1) ESTABLISHMENT.—**There is established in
 23 the Department a Performance-Based Organization
 24 (hereafter referred to as the ‘PBO’) which shall be
 25 a discrete management unit responsible for manag-
 26 ing the information systems supporting the pro-

grams authorized under title IV of this Act, as specified in subsection (b).

“(2) PURPOSES.—The purposes of the PBO are—

“(A) to improve the level of service to students and participants in the programs;

“(B) to reduce the costs of administering the Federal student financial assistance programs authorized under title IV;

“(C) to increase the accountability of the officials responsible for administering the operational aspects of these programs;

“(D) to provide greater flexibility in the management of the operational functions of the Federal student financial assistance programs;

“(E) to integrate the information systems supporting the Federal student financial assistance programs; and

“(F) to implement an open, common, integrated system for the delivery of student financial assistance under title IV.

“(b) AUTHORITY.—

“(1) AUTHORITY OF SECRETARY.— Notwithstanding any other provision of this Act, the Secretary shall maintain responsibility for the develop-

1 ment and promulgation of policy relating to the pro-
2 grams of student financial assistance under title IV.
3 In the exercise of its functions, the PBO shall be
4 subject to the direction of the Secretary. The Sec-
5 retary shall—

6 “(A) request the advice of, and work in co-
7 operation with, the Chief Operating Officer in
8 developing regulations, policies, administrative
9 guidance, or procedures affecting the informa-
10 tion systems administered by the PBO, and
11 other functions performed by the PBO;

12 “(B) request cost estimates from the Chief
13 Operating Officer for system changes required
14 by specific policies proposed by the Secretary;

15 “(C) consider the Chief Operating Officer’s
16 comments and estimates prior to finalizing such
17 regulations, policies, administrative guidance, or
18 procedures;

19 “(D) assist the Chief Operating Officer in
20 identifying goals for the administration and
21 modernization of the delivery system for stu-
22 dent financial assistance under title IV; and

23 “(E) if necessary, arrange for additional
24 funding to ensure that the PBO can efficiently
25 perform its functions.

1 “(2) FUNCTIONS.—The PBO shall carry out
2 the following functions:

3 “(A) All aspects of contracting for the data
4 and information systems supporting student fi-
5 nancial assistance under title IV, including the
6 operational administration of the William D.
7 Ford Federal Direct Loan Program, but not in-
8 cluding the development of policy relating to
9 such programs.

10 “(B) The administrative, accounting, and
11 financial management functions of the delivery
12 system for Federal student assistance, includ-
13 ing—

14 “(i) the collection, processing and
15 transmission of applicant data to students,
16 institutions and authorized third parties,
17 as provided for in section 483;

18 “(ii) technical specifications for soft-
19 ware development and systems supporting
20 the delivery of student financial assistance
21 under title IV;

22 “(iii) information technology and sys-
23 tems infrastructure related to the delivery
24 and management of student financial as-
25 sistance under title IV;

1 “(iv) all software and hardware acqui-
2 sitions and all information technology con-
3 tracts related to the delivery and manage-
4 ment of student financial assistance under
5 title IV; and

6 “(v) all customer service, training and
7 user support related to the functions de-
8 scribed in clauses (i) through (iv).

9 “(C) Annual development of a budget for
10 the operations and services of the PBO, in con-
11 sultation with the Secretary, and for consider-
12 ation and inclusion in the Department’s annual
13 budget submission.

14 “(D) Annual development of goals, in con-
15 sultation with the Secretary, for the administra-
16 tion and modernization of the system for deliv-
17 ery of student financial assistance under title
18 IV.

19 “(E) Other functions proposed by the Sec-
20 retary, and agreed to by the Chief Operating
21 Officer as are not inconsistent with the func-
22 tions of the PBO.

23 “(3) INDEPENDENCE.—In carrying out its
24 functions, the PBO shall exercise independent con-
25 trol of its budget allocations and expenditures, per-

1 sonnel decisions and processes, procurements, and
2 other administrative and management functions.

3 “(4) REVIEW OF PBO.—The PBO shall be sub-
4 ject to the usual and customary Federal audit proce-
5 dures, and be subject to review by the Inspector
6 General of the Department.

7 “(c) AUTHORIZATION OF APPROPRIATIONS.—For the
8 purpose of funding the administrative costs incurred by
9 the PBO in administering systems supporting programs
10 under this part, there are authorized to be appropriated
11 such sums as may be necessary for fiscal year 1999 and
12 each of the 4 succeeding fiscal years, except that funds
13 authorized under section 458 shall be made available to
14 the PBO by the Secretary for administrative costs author-
15 ized to be funded under that section.

16 “(d) ORGANIZATIONAL REPORTS.—

17 “(1) PERFORMANCE PLAN.—Within 6 months
18 of the hiring of the Chief Operating Officer, and
19 every 12 months thereafter, the Secretary and the
20 Chief Operating Officer of the Department shall de-
21 velop a performance plan for the PBO that estab-
22 lishes measurable goals and objectives for the orga-
23 nization. In developing this performance plan, the
24 Secretary and the Chief Operating Officer shall con-
25 sult with the Committee on Education and the

1 Workforce of the House of Representatives, the
2 Committee on Labor and Human Resources of the
3 Senate, and the Advisory Committee on Student Fi-
4 nancial Assistance. The performance plan shall in-
5 clude a concise statement of goals for a modernized
6 system for the delivery of student financial assist-
7 ance under title IV and identify action steps nec-
8 essary to achieve such goals. Such goals shall be
9 used in evaluating the performance of the Chief Op-
10 erating Officer and the PBO pursuant to paragraph
11 (2).

12 “(2) ANNUAL ACCOUNTABILITY REPORT.—The
13 Chief Operating Officer shall prepare and submit an
14 annual accountability report to the Secretary and
15 the Committee on Education and the Workforce of
16 the House of Representatives and the Committee on
17 Labor and Human Resources of the Senate. The ac-
18 countability report shall include—

19 “(A) an independent financial audit of the
20 expenditures of both the PBO and programs
21 administered by it;

22 “(B) financial and performance require-
23 ments applicable to the PBO under the Chief
24 Financial Officer Act of 1990 and the Govern-
25 ment Performance and Results Act of 1993;

1 “(C) the results achieved by the PBO dur-
2 ing the year relative to the goals established in
3 the organization’s performance plan;

4 “(D) the results of the evaluations of per-
5 formance of the Chief Operating Officer and
6 senior managers under subsections (e)(2) and
7 (f)(2), including the amounts of bonus com-
8 pensation awarded to these individuals;

9 “(E) a discussion of the effectiveness of co-
10 ordination between the PBO and the Secretary;

11 “(F) recommendations for legislative and
12 regulatory changes to improve service to stu-
13 dents and their families, and to improve pro-
14 gram efficiency and integrity; and

15 “(G) other such information as the Direc-
16 tor of the Office of Management and Budget
17 shall prescribe for performance based organiza-
18 tions.

19 “(e) CHIEF OPERATING OFFICER.—

20 “(1) IN GENERAL.—The management of the
21 PBO shall be vested in a Chief Operating Officer
22 who shall be appointed by the Secretary to a 5-year
23 term and compensated without regard to chapters
24 33, 51, and 53 of title 5, United States Code. The
25 Secretary shall appoint the Chief Operating Officer

1 within 6 months of the date of enactment of this
2 part. The Secretary shall consult with the Chairmen
3 of the Committee on Education and the Workforce
4 of the House of Representatives and the Committee
5 on Labor and Human Resources of the Senate prior
6 to making an appointment. The appointment shall
7 be made on the basis of demonstrated management
8 ability and expertise in information technology, in-
9 cluding extensive experience in the financial services
10 industry, and without regard to political affiliation
11 or activity. The Secretary may reappoint the Chief
12 Operating Officer to subsequent terms so long as the
13 performance of the Chief Operating Officer, as set
14 forth in the performance agreement, is satisfactory
15 or better. The Chief Operating Officer may be re-
16 moved by—

17 “(A) the President; or

18 “(B) the Secretary, for misconduct or fail-
19 ure to meet performance goals set forth in the
20 performance agreement in paragraph (2).

21 The President or Secretary shall communicate the
22 reasons for any such removal to the appropriate
23 committees of Congress.

24 “(2) PERFORMANCE AGREEMENT.—The Sec-
25 retary and the Chief Operating Officer shall enter

1 into an annual performance agreement which shall
2 set forth measurable organization and individual
3 goals for the Chief Operating Officer in key oper-
4 ational areas. The agreement shall be subject to re-
5 view and renegotiation at the end of each term. The
6 final agreement shall be transmitted to the Commit-
7 tee on Education and the Workforce of the House
8 of Representatives and the Committee on Labor and
9 Human Resources of the Senate, and made publicly
10 available.

11 “(3) COMPENSATION.—The Chief Operating
12 Officer is authorized to be paid at an annual rate of
13 basic pay not to exceed the maximum rate of basic
14 pay for the Senior Executive Service under section
15 5382 of title 5, United States Code, including any
16 applicable locality-based comparability payment that
17 may be authorized under section 5304(h)(2)(B) of
18 such title 5. In addition, the Chief Operating Officer
19 may receive a bonus in an amount up to, but not in
20 excess of, 50 percent of such annual rate of basic
21 pay, based upon the Secretary’s evaluation of the
22 Chief Operating Officer’s performance in relation to
23 the performance goals set forth in the performance
24 agreement described in paragraph (2). Payment of a
25 bonus under this paragraph may be made to the

1 Chief Operating Officer only to the extent that such
2 payment does not cause the Chief Operating Offi-
3 cer's total aggregate compensation in a calendar
4 year to equal or exceed the amount of the Presi-
5 dent's salary under section 102 of title 3, United
6 States Code.

7 “(f) SENIOR MANAGEMENT.—

8 “(1) IN GENERAL.—The Chief Operating Offi-
9 cer may appoint up to 5 senior managers as may be
10 necessary without regard to the provisions of title 5,
11 United States Code, governing appointments in the
12 competitive service, and who may be paid without re-
13 gard to the provisions of chapter 51 and subchapter
14 III of chapter 53 of such title relating to classifica-
15 tion and General Schedule pay rates.

16 “(2) PERFORMANCE AGREEMENT.—The Chief
17 Operating Officer shall enter into an annual per-
18 formance agreement with each senior manager ap-
19 pointed under this subsection which shall set forth
20 measurable organization and individual goals in key
21 operational areas. The agreement shall be subject to
22 review and renegotiation at the end of each term.

23 “(3) COMPENSATION.—The Chief Operating
24 Officer is authorized to pay senior managers at an
25 annual rate of basic pay not to exceed 75 percent of

1 the maximum rate of basic pay for the Senior Exec-
2 utive Service under section 5382 of title 5, United
3 States Code, including any applicable locality-based
4 comparability payment that may be authorized
5 under section 5304(h)(2)(C) of such title 5. In addi-
6 tion, a senior manager may receive a bonus in an
7 amount up to, but not in excess of, 50 percent of
8 such annual rate of basic pay, based upon the Chief
9 Operating Officer's evaluation of the manager's per-
10 formance in relation to the performance goals set
11 forth in the performance agreement described in
12 paragraph (2).

13 “(g) PERSONNEL FLEXIBILITY.—

14 “(1) PERSONNEL CEILINGS.—The PBO shall
15 not be subject to any ceiling relating to the number
16 or grade of employees.

17 “(2) ADMINISTRATIVE FLEXIBILITY.—The
18 Chief Operating Officer shall work with the Office of
19 Personnel Management to develop and implement
20 personnel flexibilities in staffing, classification, and
21 pay that meet the needs of the PBO, subject to com-
22 pliance with title 5, United States Code.

23 “(h) ESTABLISHMENT OF A FAIR AND EQUITABLE
24 SYSTEM FOR MEASURING STAFF PERFORMANCE.—The
25 PBO shall establish an annual performance management

1 system, subject to compliance with title 5, United States
2 Code and consistent with applicable provisions of law and
3 regulations, which strengthens the organizational effec-
4 tiveness of the PBO by providing for establishing goals
5 or objectives for individual, group, or organizational per-
6 formance (or any combination thereof), consistent with the
7 performance plan of the PBO and its performance plan-
8 ning procedures, including those established under the
9 Government Performance and Results Act of 1993, and
10 communicating such goals or objectives to employees.

11 “(i) PROCUREMENT FLEXIBILITY.—

12 “(1) IN GENERAL.—Except as provided in this
13 subsection, the PBO shall abide by all applicable
14 Federal procurement laws and regulations when pro-
15 curing property and services. The PBO shall—

16 “(A) enter into contracts for information
17 systems supporting the programs authorized
18 under title IV to carry out the functions set
19 forth in subsection (b)(2); and

20 “(B) obtain the services of experts and
21 consultants without regard to section 3109 of
22 title 5, United States Code and set pay in ac-
23 cordance with such section.

24 “(2) PERFORMANCE BASED SERVICING CON-
25 TRACTS.—The Chief Operating Officer shall, to the

1 extent practicable, maximize the use of performance
2 based servicing contracts, consistent with guidelines
3 for such contracts published by the Office of Federal
4 Procurement Policy, to achieve cost savings and im-
5 prove service.

6 “(3) FEE FOR SERVICE ARRANGEMENTS.—The
7 Chief Operating Officer shall, to the extent prac-
8 ticable and consistent with the purpose of the PBO,
9 utilize services available outside of the Federal Gov-
10 ernment in the delivery of Federal student financial
11 assistance. To achieve this purpose, the PBO is au-
12 thorized to pay fees to an organization that are
13 equivalent to those paid by other entities for such
14 services, if the Chief Operating Officer determines
15 that such organization currently provides an infor-
16 mation system or service that meets the require-
17 ments of the PBO.

18 “(j) FOCUS GROUPS.—To facilitate information shar-
19 ing and customer involvement, the Chief Operating Officer
20 may establish focus groups composed of students, institu-
21 tions, and other participants in the programs authorized
22 by title IV to provide advice on student aid delivery mat-
23 ters.

1 **“SEC. 132. ADMINISTRATIVE SIMPLIFICATION OF STUDENT**
2 **AID DELIVERY.**

3 “(a) IN GENERAL.—The Secretary, and the Chief
4 Operating Officer shall improve the efficiency and effec-
5 tiveness of the student aid delivery system by encouraging
6 and participating in the establishment of voluntary con-
7 sensus standards and requirements for the electronic
8 transmission of information necessary for the administra-
9 tion of programs under title IV.

10 “(b) ADOPTION OF VOLUNTARY CONSENSUS STAND-
11 ARDS.—Except with respect to the common financial re-
12 porting form under section 483(a), the Secretary shall
13 adopt voluntary consensus standards for transactions re-
14 quired under title IV, and common data elements for such
15 transactions, to enable information to be exchanged elec-
16 tronically between systems administered by the Depart-
17 ment and among participants in the Federal student aid
18 delivery system.

19 “(c) REQUIREMENTS FOR ADOPTION OF VOLUNTARY
20 CONSENSUS STANDARDS.—Any voluntary consensus
21 standard adopted under this section shall—

22 “(1) be a standard that has been developed,
23 adopted, or modified by a standard setting organiza-
24 tion that is open to the participation of the various
25 entities engaged in the delivery of Federal student
26 financial assistance; and

1 “(2) be consistent with the objective of reducing
2 the administrative costs of delivering student finan-
3 cial assistance under title IV.

4 “(d) PARTICIPATION IN STANDARD SETTING ORGA-
5 NIZATIONS.—

6 “(1) The Chief Operating Officer shall partici-
7 pate in the activities of standard setting organiza-
8 tions in carrying out the provisions of this section.

9 “(2) The Chief Operating Officer shall encour-
10 age higher education groups seeking to develop com-
11 mon forms, standards, and procedures in support of
12 the delivery of Federal student financial assistance
13 to conduct these activities within a standard setting
14 organization.

15 “(3) The Chief Operating Officer may pay nec-
16 essary dues and fees associated with participating in
17 standard setting organizations pursuant to this sub-
18 section from funds available under subsection (j).

19 “(e) PROCEDURES FOR ADOPTION AND IMPLEMEN-
20 TATION OF VOLUNTARY CONSENSUS STANDARDS.—In
21 adopting voluntary consensus standards and implementa-
22 tion timetables under this section, including modifications
23 of existing standards, the Secretary shall follow the proce-
24 dures for negotiated rulemaking in section 492.

1 “(f) INITIAL VOLUNTARY CONSENSUS STANDARDS
2 TO BE ADOPTED.—Through coordinated participation be-
3 tween the Chief Operating Officer and standard setting
4 organizations, the initial standards adopted by the Sec-
5 retary shall include the following:

6 “(1) ELECTRONIC PERSONAL IDENTIFIER NUM-
7 BER.—The Secretary shall adopt standards for a
8 single electronic personal identifier number for stu-
9 dents receiving assistance under title IV.

10 “(2) ELECTRONIC SIGNATURE.—The Secretary,
11 in coordination with the Secretary of Commerce,
12 shall adopt standards specifying procedures for the
13 electronic transmission and authentication of signa-
14 tures with respect to transactions requiring a signa-
15 ture under title IV.

16 “(3) SINGLE INSTITUTIONAL IDENTIFIER.—The
17 Secretary shall adopt standards for a single identi-
18 fier for eligible institutions under title IV.

19 “(g) USE OF CLEARINGHOUSES.—Nothing in this
20 section shall restrict the ability of participating institu-
21 tions and lenders from using a clearinghouse to comply
22 with the standards for the exchange of information estab-
23 lished under this section.

24 “(h) APPLICABILITY TO CURRENT SYSTEMS.—

1 “(1) GENERAL RULE.—Except as provided in
2 paragraph (2) and (3), this section shall apply to all
3 Department of Education information systems sup-
4 porting the delivery of programs under title IV no
5 later than 12 months from the date of enactment of
6 this part.

7 “(2) NATIONAL STUDENT LOAN DATA SYS-
8 TEM.—This section shall apply to sections 485B(e)
9 and (f) no later than 18 months after the date of
10 enactment of this part.

11 “(3) INTEGRATED POSTSECONDARY EDUCATION
12 DATA SYSTEM.—The Secretary shall coordinate the
13 adoption of voluntary consensus standards under
14 this section to ensure that standards are compatible
15 with the integrated postsecondary education data
16 system (IPEDS).

17 “(i) DATA SECURITY.—Any entity that maintains or
18 transmits information under a transaction covered by this
19 section shall maintain reasonable and appropriate admin-
20 istrative, technical, and physical safeguards—

21 “(1) to ensure the integrity and confidentiality
22 of the information; and

23 “(2) to protect against any reasonably antici-
24 pated security threats, or unauthorized uses or dis-
25 closures of the information.

1 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated in any fiscal year or
3 made available from funds appropriated to carry out ac-
4 tivities in this section in any fiscal year such sums as may
5 be necessary to carry out the provisions of this section,
6 except that if no funds are appropriated pursuant to this
7 subsection, the Secretary shall make funds available to
8 carry out this section from amounts appropriated for the
9 operations and expenses of the Department of Education.

10 “(k) DEFINITIONS.—For purposes of this section:

11 “(1) The term ‘voluntary consensus standard’
12 means a standard developed or used by a standard
13 setting organization accredited by the American Na-
14 tional Standards Institute.

15 “(2) The term ‘standard setting organization’
16 means a standard setting organization accredited by
17 the American National Standards Institute that de-
18 velops standards for information transactions, data
19 elements, or any other standard that is necessary to,
20 or will facilitate, the implementation of this section.

21 “(3) For purposes of this section, the term
22 ‘clearinghouse’ means a public or private entity that
23 processes or facilitates the processing of non-
24 standard data elements into data elements conform-
25 ing to standards adopted under this section.”.

1 **TITLE II—POSTSECONDARY EDU-**
 2 **CATION IMPROVEMENT PRO-**
 3 **GRAMS**

4 **SEC. 201. URBAN COMMUNITY SERVICE.**

5 (a) DESIGNATION OF TITLE.—The Higher Education
 6 Act of 1965 is amended by inserting at the end of title
 7 I (20 U.S.C. 1001 et seq.) the following:

8 **“TITLE II—POSTSECONDARY**
 9 **EDUCATION IMPROVEMENT**
 10 **PROGRAMS”.**

11 (b) REDESIGNATION AND TRANSFER OF URBAN
 12 COMMUNITY SERVICE PROGRAM.—

13 (1) INTERNAL CROSS-REFERENCES.—Part A of
 14 title XI is amended—

15 (A) in section 1102(b), by striking “section
 16 1104” and inserting “section 204”;

17 (B) in section 1104(12), by striking “sec-
 18 tion 1103(a)(2)(B)” and inserting “section
 19 203(a)(2)(B)”;

20 (C) in section 1108(1), by striking “section
 21 1103” and inserting “section 203”.

22 (2) REDESIGNATION.—Part A of title XI (20
 23 U.S.C. 1136 et seq.) is redesignated as part A of
 24 title II, and sections 1101 through 1109 are redesign-
 25 ated as sections 201 through 209.

1 (3) TRANSFER.—Part A of title II (including
2 sections 201 through 209), as redesignated by para-
3 graph (2), is transferred to immediately follow the
4 heading inserted by subsection (a) of this section.

5 (4) REPEAL.—Part B of title XI (20 U.S.C.
6 1137 et seq.) and the heading of title XI are re-
7 pealed.

8 (c) ALLOWABLE ACTIVITIES.—Section 204 (as redes-
9 ignated by subsection (b)(2)) is amended by adding at the
10 end the following new paragraph:

11 “(14) Improving access to technology in local
12 communities.”.

13 (d) DESIGNATION OF URBAN GRANT INSTITU-
14 TIONS.—Section 207 (as redesignated by subsection
15 (b)(2)) is amended by adding at the end the following new
16 sentence: “The information developed as a result of this
17 section shall be made available to Urban Grant Institu-
18 tions and to any other interested institution of higher edu-
19 cation by any appropriate means, including the Internet.”.

20 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
21 209 (as redesignated by subsection (b)(2)) is amended by
22 striking “1993” and inserting “1999”.

1 **SEC. 202. FUND FOR THE IMPROVEMENT OF POSTSECOND-**
2 **ARY EDUCATION.**

3 (a) REDESIGNATION AND TRANSFER OF PRO-
4 GRAMS.—

5 (1) REDESIGNATION.—Part A of title X (20
6 U.S.C. 1135 et seq.) is redesignated as part B of
7 title II (as amended by section 201) and—

8 (A) sections 1001 through 1003 (20
9 U.S.C. 1135 et seq.) are redesignated as sec-
10 tions 221 through 223; and

11 (B) section 1011 (20 U.S.C. 1135a–11) is
12 redesignated as section 224.

13 (2) TRANSFER.—Part B of title II (including
14 sections 221 through 224), as redesignated by para-
15 graph (1), is transferred to follow part A of title II.

16 (3) REPEAL.—Section 1004 and parts B, C,
17 and D of title X (20 U.S.C. 1135a–3, 1135e et seq.)
18 and the heading of title X are repealed.

19 (b) ENDOWMENT GRANTS.—Section 221(a) (as re-
20 designated by subsection (a)(2)) is amended—

21 (1) by striking “and” at the end of paragraph
22 (7);

23 (2) by striking the period at the end of para-
24 graph (8) and inserting “; and”; and

25 (3) by adding at the end the following new
26 paragraph:

1 “(9) awarding an endowment grant, on a com-
2 petitive basis, to a national organization to enable
3 such organization to support the establishment or
4 ongoing work of area program centers that foster
5 the development of local affiliated chapters in high-
6 poverty areas to improve graduation rates and post-
7 secondary attendance through the provision of aca-
8 demic support services and scholarship assistance for
9 the pursuit of postsecondary education.”.

10 (c) SPECIAL PROJECTS.—Section 224 (as redesign-
11 nated by subsection (a)(2)(B)) is amended—

12 (1) by striking paragraphs (1), (2), and (3) of
13 subsection (c) and inserting the following:

14 “(1) institutional restructuring to improve
15 learning and promote productivity, efficiency, quality
16 improvement, and cost and price control;

17 “(2) articulation agreements between two-year
18 and four-year institutions;

19 “(3) cooperation between institutions to encour-
20 age cost saving initiatives through joint purchase of
21 goods and services, and shared use of facilities and
22 faculty resources.

23 “(4) evaluation and dissemination of model pro-
24 grams; and

1 “(5) international cooperation and student ex-
 2 change among postsecondary educational institu-
 3 tions.”; and

4 (2) by striking subsection (d).

5 (d) AUTHORIZATION OF APPROPRIATIONS.—

6 (1) COMBINATION OF SUBPARTS.—Part B of
 7 title II (as redesignated by subsection (a)) is amend-
 8 ed by striking the subpart designations and head-
 9 ings.

10 (2) AUTHORIZATION.—Part B of title II (as so
 11 redesignated) is amended by adding at the end the
 12 following:

13 **“SEC. 225. AUTHORIZATION OF APPROPRIATIONS.**

14 “There are authorized to be appropriated to carry out
 15 this part \$30,000,000 for fiscal year 1999 and such sums
 16 as may be necessary for each of the 4 succeeding fiscal
 17 years.”.

18 **SEC. 203. GRANTS TO STATES FOR WORKPLACE AND COM-**
 19 **MUNITY TRANSITION TRAINING FOR INCAR-**
 20 **CERATED YOUTH OFFENDERS.**

21 (a) REDESIGNATION AND TRANSFER OF PRO-
 22 GRAMS.—

23 (1) REDESIGNATION.—Part E of title X (20
 24 U.S.C. 1135g) is redesignated as part C of title II
 25 and section 1091 is redesignated as section 231.

1 (2) TRANSFER.—Part C of title II (including
2 section 231), as redesignated by paragraph (1), is
3 transferred to follow part B of title II (as amended
4 by section 202 of this Act).

5 (b) REAUTHORIZATION.—Section 231(j) (as so reded-
6 ignated) is amended to read as follows:

7 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
8 are authorized to be appropriated to carry out this section
9 \$5,000,000 for fiscal year 1999 and such sums as may
10 be necessary for each of the four succeeding fiscal years.”.

11 **SEC. 204. ADVANCED PLACEMENT FEE PAYMENT PRO-**
12 **GRAM.**

13 (a) REDESIGNATION AND TRANSFER OF PRO-
14 GRAMS.—

15 (1) REDESIGNATION.—Part G of title XV of
16 the Higher Education Amendments of 1992 (20
17 U.S.C. 1170) is redesignated as part D of title II
18 and section 1545 of such Act is redesignated as sec-
19 tion 241.

20 (2) TRANSFER.—Part D of title II (including
21 section 241), as redesignated by paragraph (1), is
22 transferred to follow part C of title II (as amended
23 by section 203 of this Act).

1 (b) REAUTHORIZATION.—Section 241(f) (as so re-
2 designated) is amended by striking “1993” and inserting
3 “1999”.

4 **SEC. 205. TEACHER QUALITY ENHANCEMENT GRANTS.**

5 Title II is further amended by adding at the end the
6 following new part:

7 **“PART E—TEACHER QUALITY ENHANCEMENT**
8 **GRANTS**

9 **“SEC. 271. PURPOSE.**

10 “The purposes of this part are—

11 “(1) to provide competitive grants to States for
12 assistance in strengthening the quality of the teach-
13 ing force by improving the academic knowledge of
14 teachers in the subject areas in which they teach,
15 such as math, science, English, foreign languages,
16 history, economics, art, civics, Government, and ge-
17 ography;

18 “(2) to hold institutions of higher education
19 with teacher preparation programs accountable for
20 preparing teachers who are highly competent in the
21 academic content areas in which they plan to teach,
22 including training in the effective uses of tech-
23 nologies in the classroom; and

1 “(3) to recruit high quality individuals, includ-
2 ing individuals from other occupations, into the
3 teaching force.

4 **“SEC. 272. ELIGIBILITY.**

5 “(a) DEFINITIONS.—For purposes of this part:

6 “(1) ELIGIBLE GRANT RECIPIENT.—The term
7 ‘eligible grant recipient’ means—

8 “(A) other than for the purpose of section
9 273(b), a Governor of a State, except that if,
10 pursuant to the law or constitution of such
11 State, another individual, entity, or agency in a
12 State that is responsible for the teacher certifi-
13 cation and preparation activities contained in
14 the application, such term means that individ-
15 ual, entity, or agency; and

16 “(B) for the purpose of section 273(b), an
17 eligible partnership.

18 “(2) ELIGIBLE PARTNERSHIP.—The term ‘eligi-
19 ble partnership’ means an entity consisting of an ex-
20 emplary private independent or State-supported pub-
21 lic institution of higher education which prepares
22 teachers, and a local educational agency, and which
23 may also consist of the eligible grant recipient, other
24 institutions of higher education, public charter
25 schools, public and private nonprofit elementary and

1 secondary schools, or other public and private non-
2 profit agencies or organizations.

3 “(b) APPLICATIONS.—To be eligible to receive a
4 grant under this part, an eligible grant recipient shall, at
5 the time of the initial grant application, submit an applica-
6 tion to the Secretary that meets the requirements of this
7 part.

8 “(c) CONTENTS OF APPLICATION.—Such application
9 shall include a description of how the eligible grant recipi-
10 ent intends to use funds provided under this part and such
11 other information and assurances as the Secretary may
12 require.

13 **“SEC. 273. USE OF FUNDS.**

14 “(a) GENERAL ACTIVITIES.—The eligible grant re-
15 cipient of a State that receives a grant under this subpart
16 shall use a portion of such grant to carry out 1 or more
17 of the following activities:

18 “(1) Reforming State teacher certification re-
19 quirements to ensure that current and future teach-
20 ers possess the necessary academic content knowl-
21 edge in the subject areas in which they are certified
22 and assigned to teach.

23 “(2) Providing prospective teachers alternatives
24 to schools of education through programs at colleges
25 of arts and sciences or at nonprofit organizations.

1 “(3) Funding programs which establish or ex-
2 pand alternative routes to State certification for
3 highly qualified individuals, including mid-career
4 professionals from other occupations, paraprofes-
5 sionals, and former military personnel.

6 “(4) Implementing reforms which hold institu-
7 tions of higher education with teacher preparation
8 programs accountable for preparing teachers who
9 are highly competent in the academic content areas
10 in which they plan to teach.

11 “(5) Developing and implementing effective
12 mechanisms to expeditiously remove incompetent or
13 unqualified teachers.

14 “(6) Recruiting minorities, and others, into the
15 teaching and counseling professions, including edu-
16 cation paraprofessionals, former military personnel,
17 and mid-career professionals, by providing financial
18 and other assistance related to instruction, induc-
19 tion, mentoring, and support services that include
20 pre-service and in-service components, to serve with-
21 in schools which have—

22 “(A) a high percentage of children in pov-
23 erty;

24 “(B) low retention rates for teachers; or

1 “(C) a high percentage of teachers teach-
2 ing subjects for which they are not qualified to
3 teach.

4 “(7) Developing and implementing effective
5 mechanisms to provide principals and superintend-
6 ents with advanced managerial skills.

7 “(8) Creating opportunities for school principals
8 and superintendents to further their professional de-
9 velopment by providing advanced managerial skills
10 training.

11 “(b) PARTNERSHIP ACTIVITIES.—An eligible part-
12 nership that receives a grant under this subpart shall use
13 such funds to carry out 1 or more of the following activi-
14 ties:

15 “(1) Implementing reforms which hold institu-
16 tions of higher education with teacher preparation
17 programs accountable for preparing teachers who
18 are highly competent in the academic content areas
19 in which they plan to teach.

20 “(2) Creating opportunities for enhanced and
21 ongoing professional development which improves
22 the academic content knowledge of teachers in the
23 subject areas in which they are certified to teach or
24 in which they are working toward certification to
25 teach.

1 “(3) Providing programs designed to implement
2 the successful integration of technology into teaching
3 and learning.

4 “(4) Recruiting minorities, and others, into the
5 teaching and counseling professions, including edu-
6 cation paraprofessionals, former military personnel,
7 and mid-career professionals, by providing financial
8 and other assistance related to instruction, induc-
9 tion, mentoring, and support services that include
10 pre-service and in-service components, to serve with-
11 in schools which have—

12 “(A) a high percentage of children in pov-
13 erty;

14 “(B) low retention rates for teachers; or

15 “(C) a high percentage of teachers teach-
16 ing subjects for which they are not qualified to
17 teach.

18 **“SEC. 274. COMPETITIVE AWARDS.**

19 “(a) COMPETITIVE GRANTS.—

20 “(1) APPLICABILITY.—The Secretary shall
21 make grants in accordance with the requirements of
22 this subsection for any fiscal year for which the
23 amount appropriated under section 276 does not
24 equal or exceed \$250,000,000.

1 “(2) COMPETITIVE BASIS FOR AWARDS.—The
2 Secretary shall make annual grants under this sub-
3 section on a competitive basis.

4 “(3) PEER REVIEW PANEL.—The Secretary
5 shall provide the applications submitted by eligible
6 grant recipients under section 272 to a peer review
7 panel for evaluation. With respect to each applica-
8 tion, the peer review panel shall initially recommend
9 the application for funding or for disapproval.

10 “(4) PRIORITY.—In recommending applications
11 to the Secretary, the panel shall give priority to—

12 “(A) applications from States with propos-
13 als which promise initiatives to reform State
14 teacher certification requirements which are de-
15 signed to ensure that current and future teach-
16 ers possess the necessary academic content
17 knowledge in the subject areas in which they
18 are certified to teach or which include innova-
19 tive reforms to hold institutions of higher edu-
20 cation with teacher preparation programs ac-
21 countable for preparing teachers who are highly
22 competent in the academic content areas in
23 which they plan to teach; and

24 “(B) eligible partnership applications
25 which—

1 “(i) include the eligible grant recipient
2 and demonstrate a high degree of collabo-
3 ration with the State agency responsible
4 for teacher certification and preparation;
5 and

6 “(ii) include a local educational agen-
7 cy which includes a school with—

8 “(I) a high percentage of children
9 in poverty;

10 “(II) low retention rates for
11 teachers; or

12 “(III) a high percentage of teach-
13 ers teaching subjects for which they
14 are not qualified to teach.

15 “(5) RANKING OF APPLICATIONS.—With re-
16 spect to each application recommended for funding,
17 the panel shall assign the application a rank, relative
18 to other recommended applications, based on the pri-
19 ority described in subsection (c), the extent to which
20 the application furthers the purposes of this part,
21 and the overall quality of the application, based on
22 the quality and scope of State-supported strategies
23 to improve quality of teacher preparation and their
24 teaching force.

1 “(6) RECOMMENDATION OF AMOUNT.—With re-
2 spect to each application recommended for funding,
3 the panel shall make a recommendation to the Sec-
4 retary with respect to the amount of the grant that
5 should be made. The Secretary shall use $\frac{1}{3}$ of the
6 funds made available under this part to fund appli-
7 cations submitted by eligible partnerships.

8 “(7) SECRETARIAL SELECTION.—

9 “(A) IN GENERAL.—Subject to subpara-
10 graph (B), the Secretary shall determine, based
11 on the peer review panel’s recommendations,
12 which applications shall receive funding and the
13 amounts of such grants. In determining grant
14 amounts, the Secretary shall take into account
15 the total amount of funds available for all
16 grants under this part and the types of activi-
17 ties proposed to be carried out.

18 “(B) EFFECT OF RANKING BY PANEL.—In
19 making grants under this part, the Secretary
20 shall select applications according to the rank-
21 ing of the applications by the peer review panel,
22 except in cases where the Secretary determines,
23 for good cause, that a variation from that order
24 is appropriate.

25 “(b) FORMULA GRANTS.—

1 “(1) ALLOTMENT.—For any fiscal year for
2 which the amount appropriated to carry out this
3 part exceeds \$250,000,000, the Secretary shall make
4 allotments to the eligible grant recipient of each
5 State, pursuant to the formula described in para-
6 graph (2), to enable the eligible grant recipient to
7 carry out the activities under this part, including the
8 funding of eligible partnerships to carry out activi-
9 ties described in section 273(b).

10 “(2) ALLOTMENT FORMULA.—For any such fis-
11 cal year, an eligible grant recipient from each State
12 that submits an application under section 272(a)
13 shall receive an allotment under this part in an
14 amount that bears the same ratio to the amount ap-
15 propriated as the school age population ages 5
16 through 17 of the State bears to the school age pop-
17 ulation ages 5 through 17 of all the States, except
18 that no State shall receive less than an amount
19 equal to $\frac{1}{4}$ of 1 percent of the total amount.

20 “(c) ADDITIONAL REQUIREMENTS.—

21 “(1) MATCHING REQUIREMENT.—Each State
22 receiving funds under this part shall provide, from
23 non-Federal sources, an amount equal to $\frac{1}{2}$ of the
24 amount of the grant in cash or in kind to carry out
25 the activities supported by the grant.

1 “(2) LIMITATION ON ADMINISTRATIVE EX-
2 PENSES.—An eligible recipient that receives a grant
3 under this part may use not more than 2 percent of
4 the grant funds for administrative costs.

5 “(3) REPORTING.—

6 “(A) IN GENERAL.—An eligible grant re-
7 cipient that receives a grant under this section
8 shall submit an accountability report to the
9 Secretary and the Committee on Education and
10 the Workforce of the House of Representatives
11 and the Committee on Labor and Human Re-
12 sources of the Senate. Such reports shall in-
13 clude a description of the degree to which sub-
14 stantial progress has been made in meeting the
15 following goals:

16 “(i) Raising the State academic stand-
17 ards required to enter the teaching profes-
18 sion.

19 “(ii) Increasing the percentage of
20 classes taught in core academic subject
21 areas by teachers fully certified by the
22 State to teach in those subject areas.

23 “(iii) Decreasing shortages of quali-
24 fied teachers in poor urban and rural
25 areas.

1 “(iv) Increasing opportunities for en-
2 hanced and ongoing professional develop-
3 ment which improves the academic content
4 knowledge of teachers in the subject areas
5 in which they are certified to teach or in
6 which they are working toward certification
7 to teach.

8 “(B) ACCOUNTABILITY OF STATE INSTITU-
9 TION OF HIGHER EDUCATION.—Prior to receiv-
10 ing funds under this part, an eligible grant re-
11 cipient shall demonstrate that at least 80 per-
12 cent of graduates of each of the exemplary in-
13 stitutions of higher education in any eligible
14 partnership described in section 273(a)(2) who
15 enter the field of teaching pass all applicable
16 State qualification assessments of new teachers,
17 which must include assessments of each pro-
18 spective teacher’s subject matter knowledge in
19 the content area or areas in which the teacher
20 provides instruction. Prior to each subsequent
21 receipt of funds under this part, such State
22 shall demonstrate that 70 percent of the grad-
23 uates of each institution of higher education in
24 the State have met such goal and continue to
25 progress to exceed such goal. Such assessment

1 shall be at least as rigorous as those in place
2 on the date of enactment of this Act and shall
3 have qualifying scores no lower than those in
4 place on the date of enactment of this Act.

5 “(C) PROVISION TO PEER REVIEW
6 PANEL.—The Secretary shall provide the re-
7 ports submitted under subparagraph (A) to the
8 peer review panel convened under subsection
9 (a)(3). The panel shall use such accountability
10 report in recommending applications for subse-
11 quent funding under this section.

12 “(4) TEACHERS QUALIFICATIONS PROVIDED TO
13 PARENT UPON REQUEST.—Any local educational
14 agency that participates as an eligible recipient or
15 partner under this part shall make available, upon
16 request and in an understandable and uniform for-
17 mat, to any parent of a student attending any school
18 in the local educational agency, information regard-
19 ing the qualifications of the student’s classroom
20 teacher, both generally and with regard to the sub-
21 ject matter in which the teacher provides instruction.

22 **“SEC. 275. LIMITATIONS.**

23 “(a) FEDERAL CONTROL PROHIBITED.—Nothing in
24 this part shall be construed to permit, allow, encourage,
25 or authorize any Federal control over any aspect of any

1 private, religious, or home school, whether or not a home
 2 school is treated as a private school or home school under
 3 State law. This section shall not be construed to bar pri-
 4 vate, religious, or home schools from participation in pro-
 5 grams or services under this part.

6 “(b) NO CHANGE IN STATE CONTROL ENCOURAGED
 7 OR REQUIRED.—Nothing in this part shall be construed
 8 to encourage or require any change in a State’s treatment
 9 of any private, religious, or home school, whether or not
 10 a home school is treated as a private school or home school
 11 under State law.

12 “(c) NATIONAL SYSTEM OF TEACHER CERTIFI-
 13 CATION PROHIBITED.—Nothing in this part shall be con-
 14 strued to permit, allow, encourage, or authorize any na-
 15 tional system of teacher certification.

16 **“SEC. 276. AUTHORIZATION OF APPROPRIATIONS.**

17 “There are authorized to be appropriated to carry out
 18 this part such sums as may be necessary for each of the
 19 fiscal years 1999 through 2003.”.

20 **SEC. 206. CAMPUS SAFETY.**

21 (a) GRANTS TO COMBAT VIOLENT CRIMES AGAINST
 22 WOMEN ON CAMPUSES.—Title II is further amended by
 23 adding at the end the following new part:

1 **“Part F—Grants to Combat Violent Crimes Against**
2 **Women on Campuses**

3 **“SEC. 281. GRANTS TO COMBAT VIOLENT CRIMES AGAINST**
4 **WOMEN ON CAMPUSES.**

5 “(a) GRANTS AUTHORIZED.—

6 “(1) IN GENERAL.—The Secretary is authorized
7 to make grants to institutions of higher education
8 for use to provide training to administrators, secu-
9 rity personnel, and campus personnel and student
10 organizations for the purpose of developing and
11 strengthening effective security and investigation
12 strategies to combat violent crimes against women
13 on campuses, and to develop and strengthen victim
14 services in cases involving violent crimes against
15 women on campuses, which may include partner-
16 ships with local criminal justice authorities and com-
17 munity-based victims services agencies.

18 “(2) AWARD BASIS.—The Secretary shall award
19 grants and contracts under this section on a com-
20 petitive basis.

21 “(3) EQUITABLE PARTICIPATION.—The Sec-
22 retary shall make every effort to ensure the equi-
23 table participation of private and public institutions
24 of higher education and to ensure the equitable geo-
25 graphic participation of such institutions in the ac-
26 tivities assisted under this part.

1 “(4) PRIORITY.—In the award of grants and
2 contracts under this section, the Secretary shall give
3 priority to institutions of higher education or consor-
4 tia of such institutions that show the greatest need
5 for the sums requested.

6 “(b) USE OF GRANT FUNDS.—Funds provided under
7 this part may be used for the following purposes:

8 “(1) To provide training for campus security
9 and college personnel, including campus disciplinary
10 or judicial boards, that address the issues of sexual
11 assaults, stalking, and domestic violence.

12 “(2) To implement and operate education pro-
13 grams for the prevention of violent crimes against
14 women.

15 “(3) To develop, enlarge, or strengthen support
16 services programs including medical or psychological
17 counseling for victims of sexual offense crimes.

18 “(4) To create, disseminate, or otherwise pro-
19 vide assistance and information about victims’ op-
20 tions on and off campus to bring disciplinary or
21 other legal action.

22 “(5) To train campus administrators and cam-
23 pus security personnel to more effectively identify
24 and respond to violent crimes against women on

1 campus, including the crimes of sexual assault,
2 stalking, and domestic violence.

3 “(6) To develop and implement more effective
4 campus policies, protocols, orders, and services spe-
5 cifically devoted to prevent, identify, and respond to
6 violent crimes against women on campus, including
7 the crimes of sexual assault, stalking, and domestic
8 violence.

9 “(7) To develop, enlarge, or strengthen victim
10 services programs for local campuses and to improve
11 delivery of victim services on campuses.

12 “(8) To provide capital improvements (includ-
13 ing improved lighting and communications facilities
14 but not including the construction of buildings) on
15 campuses to address violent crimes against women
16 on campus, including the crimes of sexual assault,
17 stalking, and domestic violence.

18 “(9) To support improved coordination between
19 campus administrators, campus security personnel,
20 and local law enforcement to reduce violent crimes
21 against women on campus.

22 “(c) APPLICATIONS.—

23 “(1) IN GENERAL.—In order to be eligible to be
24 awarded a grant under this section for any fiscal
25 year, an institution of higher education shall submit

1 an application to the Secretary at such time and in
2 such manner as the Secretary shall prescribe.

3 “(2) CONTENTS.—Each application submitted
4 under paragraph (1) shall—

5 “(A) describe the need for grant funds and
6 the plan for implementation for any of the pur-
7 poses described in subsection (b);

8 “(B) describe how the campus authorities
9 shall consult and coordinate with nonprofit and
10 other victim services programs, including sexual
11 assault and domestic violence victim services
12 programs;

13 “(C) provide measurable goals and ex-
14 pected results from the use of the grants funds;

15 “(D) provide assurances that the Federal
16 funds made available under this section shall be
17 used to supplement and, to the extent practical,
18 increase the level of funds that would, in the
19 absence of Federal funds, be made available by
20 the applicant for the purpose described in this
21 part; and

22 “(E) include such other information and
23 assurances as the Secretary reasonably deter-
24 mines to be necessary.

1 “(3) COMPLIANCE WITH CAMPUS CRIME RE-
2 PORTING REQUIRED.—No institution of higher edu-
3 cation shall be eligible for a grant under this section
4 unless such institution is in compliance with the re-
5 quirements of section 485(f) of this Act.

6 “(d) REPORTING.—Not later than 180 days after the
7 end of the fiscal year for which grants are made under
8 this part, the Secretary shall submit to the committees of
9 the House of Representatives and the Senate responsible
10 for issues relating to higher education and crime, a report
11 that includes—

12 “(1) the number of grants and funds distrib-
13 uted under this part;

14 “(2) a summary of the purposes for which these
15 grants were provided and an evaluation of their
16 progress;

17 “(3) a statistical summary of the persons
18 served, detailing the nature of victimization, and
19 providing data on age, sex, race, ethnicity, disability,
20 relationship to offender, geographic distribution, and
21 type of campus; and

22 “(4) an evaluation of the effectiveness of pro-
23 grams funded under this part, including an evalua-
24 tion based on the reduction observed in crimes re-
25 ported pursuant to section 485(f).

1 “(f) GRANTEE REPORTING.—Upon completion of the
2 grant or contract period under this section, the grantee
3 institution or consortium of such institutions shall file a
4 performance report with the Secretary explaining the ac-
5 tivities carried out together with an assessment of the ef-
6 fectiveness of those activities in achieving the purposes of
7 this section. The Secretary shall suspend funding for an
8 approved application if an applicant fails to submit an an-
9 nual performance report.

10 “(g) DEFINITIONS.—In this part—

11 “(1) the term ‘domestic violence’ includes acts
12 or threats of violence, not including acts of self-de-
13 fense, committed by a current or former spouse of
14 the victim, by a person with whom the victim shares
15 a child in common, by a person who is cohabitating
16 with or has cohabitated with the victim, by a person
17 similarly situated to a spouse of the victim under the
18 domestic or family violence laws of the jurisdiction,
19 or by any other person against a victim who is pro-
20 tected from that person’s acts under the domestic or
21 family violence laws of the jurisdiction;

22 “(2) the term ‘sexual assault’ means any con-
23 duct proscribed by chapter 109A of title 18, United
24 States Code, whether or not the conduct occurs in
25 the special maritime and territorial jurisdiction of

1 the United States or in a Federal prison and in-
2 cludes both assaults committed by offenders who are
3 strangers to the victim and assaults committed by
4 offenders who are known or related by blood or mar-
5 riage to the victim; and

6 “(3) the term ‘victim services’ means a non-
7 profit, nongovernmental organization that assists do-
8 mestic violence or sexual assault victims, including
9 campus women’s centers, rape crisis centers, bat-
10 tered women’s shelters, and other sexual assault or
11 domestic violence programs including campus coun-
12 seling support and victim advocate organizations
13 with domestic violence, stalking, and sexual assault
14 programs, whether or not organized and staffed by
15 students.

16 “(h) AUTHORIZATION OF APPROPRIATIONS.—For the
17 purpose of carrying out this part, there are authorized to
18 be appropriated \$10,000,000 for fiscal year 1999 and
19 such sums as may be necessary for each of the 4 succeed-
20 ing fiscal years.”.

21 **SEC. 207. ACCOUNTABILITY FOR INSTITUTIONS OF HIGHER**
22 **EDUCATION THAT PREPARE TEACHERS.**

23 Title II is further amended by adding at the end the
24 following new part:

1 **“PART F—ACCOUNTABILITY FOR INSTITUTIONS**
2 **OF HIGHER EDUCATION THAT PREPARE**
3 **TEACHERS**

4 **“SEC. 281. DATA COLLECTION.**

5 “(a) DATA REQUIRED.—Within one year after the
6 date of enactment of the Higher Education Amendments
7 of 1998, and annually thereafter, the Secretary shall col-
8 lect from each State receiving funds under this Act and
9 publish the following information:

10 “(1) A description of the teacher licensing and
11 credentialing assessments used by each State, in-
12 cluding any and all assessments required in the sub-
13 ject matter area or areas in which a teacher provides
14 instruction.

15 “(2) The standards and criteria established by
16 each State that teachers or prospective teachers
17 must meet in order to receive a passing score on
18 such assessments, including information on the ex-
19 tent to which passing such examinations is required
20 in order for an individual to be a classroom teacher.

21 “(3) Information on the extent to which teach-
22 ers or prospective teachers in each State are re-
23 quired to take examinations or other assessments of
24 their subject matter knowledge in the area or areas
25 in which they provide instruction, the standards es-
26 tablished for passing any such assessments, and the

1 extent to which teachers or prospective teachers are
2 required to receive a passing score on such assess-
3 ments in order to teach in specific subject areas or
4 grade levels.

5 “(4) Information on the extent to which each
6 State waives teacher credentialing and licensing re-
7 quirements, including the proportion of all teachers
8 or prospective teachers in the State for whom such
9 licensing and credentialing requirements have been
10 waived and the distribution of such individuals
11 across high- and low-poverty schools and across
12 grade levels and subject areas.

13 “(5) The pass rate, for the preceding year, on
14 all teacher licensing and credentialing assessments
15 for all individuals in the State who took such assess-
16 ments, disaggregated by the institution of higher
17 education from which the teacher received his or her
18 most recent degree.

19 “(b) COORDINATION.—The Secretary, to the extent
20 practicable, shall coordinate the information collected and
21 published under this part among States for individuals
22 who took State teacher licensing or credentialing assess-
23 ments in a State other than the State in which the individ-
24 ual received his or her most recent degree.

1 “(c) USE OF LOCAL AGENCIES.—For each State in
 2 which there are no State licensing or credentialing assess-
 3 ments, the Secretary shall, to the extent practicable, col-
 4 lect data comparable to the data described in paragraphs
 5 (1) through (5) of subsection (a) from local educational
 6 agencies, colleges and universities, or other entities that
 7 administer such assessments to teachers or prospective
 8 teachers.

9 **“SEC. 282. DATA DISSEMINATION.**

10 “(a) EFFECTIVE DATE OF REQUIREMENTS.—The
 11 data required to be distributed under this section shall be
 12 distributed beginning within 3 years after the date of en-
 13 actment of the Higher Education Amendments of 1998
 14 and annually thereafter.

15 “(b) PASSING RATES.—Each institution of higher
 16 education that has a course of study that prepares elemen-
 17 tary and secondary school teachers and receives Federal
 18 funds will report and distribute widely, including through
 19 prominent publications such as catalogs and promotional
 20 materials sent to potential applicants, high school guid-
 21 ance counselors, and the employers of graduates of such
 22 institutions, their pass rate for graduates of the institution
 23 on each of the State’s initial teacher certification and li-
 24 censing assessments for the most recent year for which

1 data are available at the time of publication of such mate-
2 rials.

3 “(c) IDENTIFICATION OF INSTITUTIONS WITH PASS-
4 ING RATES BELOW 70 PERCENT.—Each State shall sub-
5 mit to the Secretary a list of institutions of higher edu-
6 cation that prepare teachers and receive Federal funds
7 under this Act for which, for the preceding year, less than
8 70 percent of graduates who took any of the State’s initial
9 teacher licensing and credentialing assessments failed to
10 receive a passing score on any such assessment. For each
11 assessment, data shall be disaggregated by the institution
12 of higher education from which the student received his
13 or her most recent degree, unless such degree was granted
14 more than 3 years prior to the date such assessment was
15 administered.

16 **“SEC. 283. STATE FUNCTIONS.**

17 “(a) STATE ASSESSMENT.—In order to receive funds
18 under this Act, a State shall, no later than one year after
19 the date of enactment of the Higher Education Amend-
20 ments of 1998, have in place a procedure to identify low
21 performing programs of teacher preparation within insti-
22 tutions of higher education. Such levels of performance
23 shall be determined solely by the State and may include
24 criteria based upon information collected pursuant to this

1 part. Such assessment shall be described in the report
2 under section 281.

3 “(b) TERMINATION OF ELIGIBILITY.—Any institu-
4 tion of higher education that offers a program of teacher
5 preparation in which the State has withdrawn its approval
6 or terminated its financial support due to the low perform-
7 ance of its teacher preparation program based upon the
8 State assessment described in section (a)—

9 “(1) shall be ineligible for any funding for pro-
10 fessional development activities awarded by the De-
11 partment of Education; and

12 “(2) shall not be permitted to accept or enroll
13 any student that receives aid under title IV of this
14 Act in its teacher preparation program.

15 **“SEC. 284. NEGOTIATED RULEMAKING.**

16 “If the Secretary develops any regulations imple-
17 menting section 283(b)(2), the Secretary shall submit
18 such proposed regulations to a negotiated rulemaking
19 process which shall include representatives of States and
20 institutions of higher education for their review and com-
21 ment.

22 **SEC. 208. ADDITIONAL REPEAL.**

23 Title VIII (20 U.S.C. 1133 et seq.), relating to coop-
24 erative education, is repealed.

1 **TITLE III—INSTITUTIONAL AID**

2 **SEC. 301. STRENGTHENING INSTITUTIONS.**

3 (a) PROGRAM PURPOSE; USE OF FUNDS.—Section
4 311 (20 U.S.C. 1057) is amended—

5 (1) in subsection (b)(2), by striking “or” at the
6 end of subparagraph (A) and inserting “and”;

7 (2) by amending paragraph (3) of subsection
8 (b) to read as follows:

9 “(3) Special consideration shall be given to applica-
10 tions which propose, pursuant to the institution’s plan, the
11 use of funds for integrating computer technology into in-
12 stitutional facilities to create smart buildings.”; and

13 (3) by adding at the end the following new sub-
14 sections:

15 “(c) AUTHORIZED ACTIVITIES.—Grants awarded
16 under this section shall be used for one or more of the
17 following activities:

18 “(1) purchase, rental, or lease of scientific or
19 laboratory equipment for educational purposes, in-
20 cluding instructional and research purposes;

21 “(2) construction, maintenance, renovation, and
22 improvement in classrooms, libraries, laboratories,
23 and other instructional facilities;

1 “(3) support of faculty exchanges, faculty devel-
2 opment, and faculty fellowships to assist in attaining
3 advanced degrees in their field of instruction;

4 “(4) purchase of library books, periodicals, and
5 other educational materials, including telecommuni-
6 cations program material;

7 “(5) tutoring, counseling, and student service
8 programs designed to improve academic success;

9 “(6) funds management, administrative man-
10 agement, and acquisition of equipment for use in
11 strengthening funds management;

12 “(7) joint use of facilities, such as laboratories
13 and libraries;

14 “(8) establishing or improving a development
15 office to strengthen or improve contributions from
16 alumni and the private sector;

17 “(9) establishing or improving an endowment
18 fund;

19 “(10) creating or improving facilities for Inter-
20 net or other distance learning academic instruction
21 capabilities, including purchase or rental of tele-
22 communications technology equipment or services;
23 and

24 “(11) other activities proposed in the applica-
25 tion submitted pursuant to subsection (c) that—

1 “(A) contribute to carrying out the pur-
2 poses of this section; and

3 “(B) are approved by the Secretary as part
4 of the review and acceptance of such applica-
5 tion.

6 “(d) ENDOWMENT FUND LIMITATIONS.—

7 “(1) PORTION OF GRANT.—An institution may
8 not use more than 20 percent of its grant under this
9 part for any fiscal year for establishing or improving
10 an endowment fund.

11 “(2) MATCHING REQUIRED.—An institution
12 that uses any portion of its grant under this part for
13 any fiscal year for establishing or improving an en-
14 dowment fund shall provide an equal or greater
15 amount for such purposes from non-Federal funds.

16 “(3) REGULATIONS.—The Secretary shall pub-
17 lish rules and regulations specifically governing the
18 use of funds for establishing or improving an endow-
19 ment fund.”.

20 (b) ENDOWMENT FUND DEFINITION.—Section 312
21 (20 U.S.C. 1058) is amended by adding at the end the
22 following new subsection:

23 “(g) ENDOWMENT FUND.—For the purpose of this
24 part, the term ‘endowment fund’ means a fund that—

1 “(1) is established by State law, by an institu-
 2 tion of higher education, or by a foundation that is
 3 exempt from Federal income taxation;

4 “(2) is maintained for the purpose of generat-
 5 ing income for the support of the institution; and

6 “(3) does not include real estate.”.

7 (c) DURATION OF GRANT.—Section 313 (20 U.S.C.
 8 1059) is amended—

9 (1) in subsection (a), by inserting before the pe-
 10 riod at the end the following: “, except that no insti-
 11 tution shall be eligible to secure a subsequent 5-year
 12 grant award under this part until two calendar years
 13 have elapsed since the expiration of its most recent
 14 5-year grant award”; and

15 (2) in subsection (b), by inserting “subsection
 16 (c) and a grant under” before “section 354(a)(1)”.

17 (d) APPLICATIONS.—Title III is amended by striking
 18 section 314 (20 U.S.C. 1059a) and inserting the following:

19 **“SEC. 314. APPLICATIONS.**

20 “Each eligible institution desiring to receive assist-
 21 ance under this part shall submit an application in accord-
 22 ance with the requirements of section 351.”.

23 (e) PROGRAM FOR TRIBALLY CONTROLLED COL-
 24 LEGES AND UNIVERSITIES.—Section 316 (20 U.S.C.
 25 1059c) is amended to read as follows:

1 **“SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COL-**
2 **LEGES AND UNIVERSITIES.**

3 “(a) PROGRAM AUTHORIZED.—The Secretary shall
4 provide grants and related assistance to American Indian
5 Tribal Colleges and Universities to enable such institu-
6 tions to improve and expand their capacity to serve Indian
7 students.

8 “(b) DEFINITIONS.—For the purposes of this section:

9 “(1) The term ‘Indian’ has the same meaning
10 as in section 2 of the Tribally Controlled Community
11 Colleges Act of 1978.

12 “(2) The term ‘Indian tribe’ has the same
13 meaning as in section 2 of such Act.

14 “(3) The term ‘Tribal College or University’
15 has the meaning given the term ‘tribally controlled
16 college or university’ in section 2 of such Act, and
17 includes an institution listed in the Equity in Edu-
18 cational Land Grant Status Act of 1994.

19 “(4) The term ‘institution of higher education’
20 means an institution of higher education as defined
21 by section 101(a)(1) of this Act, except that sub-
22 paragraph (A)(ii) of such section shall not be appli-
23 cable.

24 “(c) AUTHORIZED ACTIVITIES.—Grants awarded
25 under this section shall be used by Tribal Colleges or Uni-
26 versities to assist such institutions to plan, develop, under-

1 take, and carry out authorized activities. Such authorized
2 activities may include—

3 “(1) purchase, rental, or lease of scientific or
4 laboratory equipment for educational purposes, in-
5 cluding instructional and research purposes;

6 “(2) construction, maintenance, renovation, and
7 improvement in classrooms, libraries, laboratories,
8 and other instructional facilities, including purchase
9 or rental of telecommunications technology equip-
10 ment or services;

11 “(3) support of faculty exchanges, faculty devel-
12 opment, and faculty fellowships to assist in attaining
13 advanced degrees in their field of instruction;

14 “(4) academic instruction in disciplines in
15 which American Indians are underrepresented;

16 “(5) purchase of library books, periodicals, and
17 other educational materials, including telecommuni-
18 cations program material;

19 “(6) tutoring, counseling, and student service
20 programs designed to improve academic success;

21 “(7) funds management, administrative man-
22 agement, and acquisition of equipment for use in
23 strengthening funds management;

24 “(8) joint use of facilities, such as laboratories
25 and libraries;

1 “(9) establishing or improving a development
2 office to strengthen or improve contributions from
3 alumni and the private sector;

4 “(10) establishing or enhancing a program of
5 teacher education designed to qualify students to
6 teach in elementary or secondary schools, with a
7 particular emphasis on teaching American Indian
8 children and youth, that shall include, as part of
9 such program, preparation for teacher certification;

10 “(11) establishing community outreach pro-
11 grams which will encourage American Indian ele-
12 mentary and secondary students to develop the aca-
13 demic skills and the interest to pursue postsecondary
14 education;

15 “(12) establishing or improving an endowment
16 fund; and

17 “(13) other activities proposed in the applica-
18 tion submitted pursuant to this subsection that—

19 “(A) contribute to carrying out the pur-
20 poses of this section; and

21 “(B) are approved by the Secretary as part
22 of the review and acceptance of such applica-
23 tion.

24 “(d) APPLICATION PROCESS.—

1 “(1) INSTITUTIONAL ELIGIBILITY.—To be eligi-
2 ble to receive assistance under this section, an insti-
3 tution shall be an institution which—

4 “(A) is an eligible institution under section
5 312(b);

6 “(B) is eligible to receive assistance under
7 the Tribally Controlled Community College As-
8 sistance Act of 1978 (Public Law 95–471); or

9 “(C) is eligible to receive funds under the
10 Equity in Educational Land Grant Status Act
11 of 1994.

12 “(2) APPLICATION.—Any institution desiring to
13 receive assistance under this section shall submit an
14 application to the Secretary at such time, and in
15 such manner, as the Secretary may by regulation
16 reasonably require. Each such application shall in-
17 clude—

18 “(A) a 5-year plan for improving the as-
19 sistance provided by the Tribal College or uni-
20 versity to Indian students, increasing the rates
21 at which Indian high school students enroll in
22 higher education, and increasing overall post-
23 secondary retention rates for Indian students;
24 and

1 “(B) such enrollment data and other infor-
 2 mation and assurances as the Secretary may re-
 3 quire to demonstrate compliance with subpara-
 4 graphs (A) and (B) of paragraph (1).

5 “(3) SPECIAL RULE.—For the purposes of this
 6 part, no Tribal College or University which is eligible
 7 for and receives funds under this section may con-
 8 currently receive other funds under this part or part
 9 B.”.

10 **SEC. 302. HISTORICALLY BLACK COLLEGES AND UNIVER-**
 11 **SITIES.**

12 (a) USES OF FUNDS.—Section 323(a) (20 U.S.C.
 13 1062(a)) is amended—

14 (1) by redesignating paragraph (12) as para-
 15 graph (13); and

16 (2) by inserting after paragraph (11) the fol-
 17 lowing new paragraph:

18 “(12) Establishing or improving an endowment
 19 fund.”.

20 (b) LIMITATIONS.—Section 323(b) is amended by
 21 striking paragraph (3) and inserting the following:

22 “(3)(A) An institution may not use more than 20 per-
 23 cent of its grant under this part for any fiscal year for
 24 establishing or improving an endowment fund.

1 “(B) An institution that uses any portion of its grant
2 under this part for any fiscal year for establishing or im-
3 proving an endowment fund shall provide an equal or
4 greater amount for such purposes from non-Federal
5 funds.

6 “(C) The Secretary shall publish rules and regula-
7 tions specifically governing the use of funds for establish-
8 ing or improving an endowment fund.”.

9 (c) PROFESSIONAL OR GRADUATE INSTITUTIONS.—

10 (1) GENERAL AUTHORIZATION.—Section 326(a)

11 (20 U.S.C. 1063b(a)) is amended—

12 (A) in paragraph (1), by inserting “in
13 mathematics or the physical or natural
14 sciences” after “graduate education opportuni-
15 ties”; and

16 (B) in paragraph (2), by striking “except
17 that” and all that follows and inserting the fol-
18 lowing: “, except that no institution shall be re-
19 quired to match any portion of the first
20 \$500,000 of its award from the Secretary. After
21 allocations are made to each eligible institution
22 under the funding rules provided in subsection
23 (f), the Secretary shall reallocate, on a pro rata
24 basis, any amounts which remain unallocated
25 (by reason of the failure of an institution to

1 comply with the matching requirements of this
2 paragraph) among the institutions that have
3 complied with such matching requirement.”.

4 (2) USE OF FUNDS.—Section 326(c) (20 U.S.C.
5 1063b(c)) is amended by striking paragraphs (1)
6 through (3) and inserting the following:

7 “(1) purchase, rental or lease of scientific or
8 laboratory equipment for educational purposes, in-
9 cluding instructional and research purposes;

10 “(2) construction, maintenance, renovation, and
11 improvement in classroom, library, laboratory, and
12 other instructional facilities used exclusively for the
13 purposes of this section, including purchase or rental
14 of telecommunications technology equipment or serv-
15 ices;

16 “(3) purchase of library books, periodicals,
17 technical and other scientific journals, microfilm,
18 microfiche, and other educational materials, includ-
19 ing telecommunications program materials;

20 “(4) scholarships, fellowships, and other finan-
21 cial assistance for needy graduate and professional
22 students to permit their enrollment in and comple-
23 tion of the doctoral degree in medicine, dentistry,
24 pharmacy, veterinary medicine, law, and the doctor-
25 ate degree in the physical or natural sciences, engi-

1 neering, mathematics, or other scientific disciplines
 2 in which African Americans are underrepresented;

3 “(5) establish or improve a development office
 4 to strengthen and increase contributions from alum-
 5 ni and the private sector;

6 “(6) assist in the establishment or maintenance
 7 of an institutional endowment to facilitate financial
 8 independence pursuant to section 331 of this title;
 9 and

10 “(7) funds and administrative management,
 11 and the acquisition of equipment, including software,
 12 for use in strengthening funds management and
 13 management information systems.”.

14 (3) ELIGIBILITY.—Section 326(e) (20 U.S.C.
 15 1063b(e)) is amended—

16 (A) in paragraph (1)

17 (i) by striking “include—” and insert-
 18 ing “are the following:”;

19 (ii) by inserting “and other qualified
 20 graduate programs” before the semicolon
 21 at the end of subparagraphs (F) through
 22 (J);

23 (iii) by striking “and” at the end of
 24 subparagraph (O);

1 (iv) by inserting “University” after
2 “Jackson State” in subparagraph (P);

3 (v) by striking the period at the end
4 of such subparagraph and inserting a
5 semicolon; and

6 (vi) by inserting after such subpara-
7 graph the following new subparagraphs:

8 “(Q) Norfolk State University qualified
9 graduate program; and

10 “(R) Tennessee State University qualified
11 graduate program.”; and

12 (B) by striking paragraphs (2) and (3) and
13 inserting the following:

14 “(2) QUALIFIED GRADUATE PROGRAM.—For
15 the purposes of this section, the term ‘qualified
16 graduate program’ means a graduate or professional
17 program that provides an accredited program of in-
18 struction in the physical or natural sciences, engi-
19 neering, mathematics, or other scientific discipline in
20 which African Americans are underrepresented and
21 has students enrolled in such program at the time
22 of application for a grant under this section.

23 “(3) SPECIAL RULE.—Institutions that were
24 awarded grants under this section prior to October
25 1, 1998, shall continue to receive such grants, sub-

ject to the availability of appropriated funds, regardless of the eligibility of the institutions described in subparagraphs (Q) and (R) of paragraph (1).”; and

(C) in paragraph (4), by inserting before the period at the end the following: “, except that the president or chancellor of the institution may decide which graduate or professional school or qualified graduate program will receive funds under the grant in any one fiscal year”.

(4) FUNDING RULE.—Section 326(f) (20 U.S.C. 1063b(f)) is amended—

(A) by striking “Of the amount appropriated” and inserting “Subject to subsection (g), of the amount appropriated”;

(B) in paragraph (1)—

(i) by striking “\$12,000,000” and inserting “\$26,000,000”; and

(ii) by striking “(A) through (E)” and inserting “(A) through (P)”.

(C) by striking paragraph (2) and inserting the following:

“(2) the next \$1,000,000 in excess of \$26,000,000 shall be available for the purpose of making grants to institutions or programs identified

1 in subparagraphs (Q) and (R) of subsection (e)(1);
2 and

3 “(3) if the amount appropriated exceeds
4 \$27,000,000, the Secretary shall develop a formula
5 for making allotments of such excess to each of the
6 institutions or programs identified in subparagraphs
7 (A) through (R) using the following elements:

8 “(A) the number of students enrolled in
9 the eligible institution’s professional or grad-
10 uate school, or qualified graduate program
11 which received funding under this section in the
12 previous year;

13 “(B) the average cost of education per stu-
14 dent for all full-time graduate or professional
15 students (or the equivalent) enrolled in the eli-
16 gible professional school, graduate school or
17 doctoral students in the qualified graduate pro-
18 gram; and

19 “(C) the number of students who received
20 their first professional or doctoral degree at the
21 professional or graduate school or the qualified
22 graduate program in the preceding year for
23 which the institution received funding under
24 this section.”.

1 (5) **HOLD HARMLESS RULE.**—Section 326 is
 2 further amended by adding at the end the following
 3 new subsection:

4 “(g) **HOLD HARMLESS RULE.**—Notwithstanding
 5 paragraphs (2) and (3) of subsection (f), no institution
 6 or qualified program identified in subsection (e)(1) that
 7 received a grant for fiscal year 1998 and that is eligible
 8 to receive a grant in a subsequent fiscal year shall receive
 9 a grant amount in any such subsequent fiscal year that
 10 is less than the grant amount received for fiscal year 1998,
 11 unless the amount appropriated is not sufficient to provide
 12 such grant amounts to all such institutions and pro-
 13 grams.”.

14 **SEC. 303. MINORITY SCIENCE AND ENGINEERING IMPROVE-**
 15 **MENT PROGRAM.**

16 (a) **AMENDMENT.**—Title III (20 U.S.C. 1051) is
 17 amended—

18 (1) by redesignating part D as part E; and

19 (2) by inserting after part C the following new
 20 part:

21 **“PART D—MINORITY SCIENCE AND**
 22 **ENGINEERING IMPROVEMENT PROGRAM**

23 **“SEC. 341. PROGRAM AUTHORIZED.**

24 “The Secretary shall, in accordance with the provi-
 25 sions of this part, carry out a program of making grants

1 to institutions of higher education that are designed to
2 effect long-range improvements in science and engineering
3 education, and improve support programs for minority
4 students enrolled in science and engineering programs at
5 predominantly minority institutions.

6 **“SEC. 342. USE OF FUNDS.**

7 “Funds appropriated for the purpose of this subpart
8 may be made available for—

9 “(1) providing needed services to groups of mi-
10 nority institutions or providing training for scientists
11 and engineers from eligible minority institutions;

12 “(2) providing needed services to groups of in-
13 stitutions serving significant numbers of minority
14 students or providing training for scientists and en-
15 gineers from such institutions to improve their abil-
16 ity to train minority students in science or engineer-
17 ing;

18 “(3) assisting minority institutions to improve
19 the quality of preparation of their students for grad-
20 uate work or careers in science, mathematics, and
21 technology;

22 “(4) improving access of undergraduate stu-
23 dents at minority institutions to careers in the
24 sciences, mathematics, and engineering;

1 “(5) improving access of minority students,
2 particularly minority women, to careers in the
3 sciences, mathematics, and engineering;

4 “(6) improving access for pre-college minority
5 students to careers in science, mathematics, and en-
6 gineering through community outreach programs
7 conducted through colleges and universities eligible
8 for support through the Minority Science and Engi-
9 neering Improvement Programs;

10 “(7) disseminating activities, information, and
11 educational materials designed to address specific
12 barriers to the entry of minorities into science and
13 technology, and conducting activities and studies
14 concerning the flow of underrepresented ethnic mi-
15 norities into scientific careers;

16 “(8) supporting curriculum models to encourage
17 minority student participation in research careers in
18 science, mathematics, and technology; and

19 “(9) improving the capability of minority insti-
20 tutions for self-assessment, management, and eval-
21 uation of their science, mathematics, and engineer-
22 ing programs and dissemination of their results.

23 **“SEC. 343. ELIGIBILITY FOR GRANTS.**

24 “The Secretary may make grants under this part to
25 minority institutions (as defined in section 347), organiza-

1 tions, and entities to enable them to carry out programs
2 and activities authorized by this part:

3 “(1)(A) institutions of higher education grant-
4 ing baccalaureate degrees; and

5 “(B) institutions of higher education granting
6 associate degrees which—

7 “(i) have a curriculum including science or
8 engineering subjects;

9 “(ii) apply jointly with institutions de-
10 scribed in subparagraph (A); and

11 “(iii) have an articulation agreement with
12 institutions described in subparagraph (A) for
13 its science or engineering students; and

14 “(2) consortia of—

15 “(A) institutions which have a curriculum
16 in science or engineering;

17 “(B) graduate institutions which have a
18 curriculum in science or engineering;

19 “(C) Federal Education Research Centers;

20 “(D) research laboratories of, or under
21 contract with, the Department of Energy;

22 “(E) private organizations which have
23 science or engineering facilities; or

1 “(F) quasi-governmental entities which
2 have a significant scientific or engineering mis-
3 sion;
4 to enable such institutions and consortia to carry
5 programs and activities authorized by this part.

6 **“SEC. 344. GRANT APPLICATION.**

7 “(a) SUBMISSION AND CONTENTS OF APPLICA-
8 TIONS.—An eligible applicant (as determined under sec-
9 tion 343) that desires to receive a grant under this part
10 shall submit to the Secretary an application therefore at
11 such time or times, in such manner, and containing such
12 information as the Secretary may prescribe by regulation.
13 Such application shall set forth—

14 “(1) a program of activities for carrying out
15 one or more of the purposes described in section 342
16 in such detail as will enable the Secretary to deter-
17 mine the degree to which such program will accom-
18 plish such purpose or purposes; and

19 “(2) such other policies, procedures, and assur-
20 ances as the Secretary may require by regulation.

21 “(b) APPROVAL BASED ON LIKELIHOOD OF
22 PROGRESS.—The Secretary shall approve an application
23 only if the Secretary determines that the application sets
24 forth a program of activities which are likely to make sub-

1 stantial progress toward achieving the purposes of this
2 part.

3 **“SEC. 345. CROSS PROGRAM AND CROSS AGENCY COOPERA-**
4 **TION.**

5 “The Minority Science and Engineering Improvement
6 Programs shall cooperate and consult with other programs
7 within the Department and within Federal, State, and pri-
8 vate agencies which carry out programs to improve the
9 quality of science, mathematics, and engineering edu-
10 cation.

11 **“SEC. 346. ADMINISTRATIVE PROVISIONS.**

12 “(a) TECHNICAL STAFF.—The Secretary shall ap-
13 point, without regard to the provisions of title 5 of the
14 United States Code governing appointments in the com-
15 petitive service, not less than one technical employees with
16 appropriate scientific and educational background to ad-
17 minister the programs under this part who may be paid
18 without regard to the provisions of chapter 51 and sub-
19 chapter III of chapter 53 of such title relating to classi-
20 fication and General Schedule pay rates.

21 “(b) PROCEDURES FOR GRANT REVIEW.—The Sec-
22 retary shall establish procedures for reviewing and evalu-
23 ating grants and contracts made or entered into under
24 such programs. Procedures for reviewing grant applica-
25 tions, based on the peer review system, or contracts for

1 financial assistance under this title may not be subject to
2 any review outside of officials responsible for the adminis-
3 tration of the Minority Science and Engineering Improve-
4 ment Program.

5 **“SEC. 347. DEFINITIONS.**

6 “For the purpose of this part—

7 “(1) The term ‘minority institution’ means an
8 institution of higher education whose enrollment of
9 a single minority or a combination of minorities (as
10 defined in paragraph (2)) exceeds 50 percent of the
11 total enrollment. The Secretary shall verify this in-
12 formation from the data on enrollments in the high-
13 er education general information surveys (HEGIS)
14 furnished by the institution to the Office for Civil
15 Rights, Department of Education.

16 “(2) The term ‘minority’ means American In-
17 dian, Alaskan Native, Black (not of Hispanic ori-
18 gin), Hispanic (including persons of Mexican, Puerto
19 Rican, Cuban, and Central or South American ori-
20 gin), Pacific Islander or other ethnic group under-
21 represented in science and engineering.

22 “(3) The term ‘science’ means, for the purpose
23 of this program, the biological, engineering, mathe-
24 matical, physical, behavioral, and social sciences, and
25 history and philosophy of science; also included are

1 interdisciplinary fields which are comprised of over-
2 lapping areas among two or more sciences.”.

3 **SEC. 304. GENERAL PROVISIONS.**

4 (a) APPLICATIONS FOR ASSISTANCE.—Section
5 351(a) (20 U.S.C. 1066(a)) is amended to read as follows:

6 “(a) APPLICATIONS.—

7 “(1) APPLICATIONS REQUIRED.—Any institu-
8 tion which is eligible for assistance under this title
9 shall submit to the Secretary an application for as-
10 sistance at such time, in such form, and containing
11 such information, as may be necessary to enable the
12 Secretary to evaluate its need for assistance. Subject
13 to the availability of appropriations to carry out this
14 title, the Secretary may approve an application for
15 a grant under this title only if the Secretary deter-
16 mines that—

17 “(A) the application meets the require-
18 ments of subsection (b);

19 “(B) the applicant is eligible for assistance
20 in accordance with the part of this title under
21 which the assistance is sought; and

22 “(C) the applicant’s performance goals are
23 sufficiently rigorous as to meet the purposes of
24 this title and the performance objectives and in-
25 dicators for this title established by the Sec-

1 retary pursuant to the Government Perform-
2 ance and Results Act.

3 “(2) PRELIMINARY APPLICATIONS.—In carrying
4 out paragraph (1), the Secretary shall develop a pre-
5 liminary application for use by eligible institutions
6 applying under part A prior to the submission of the
7 principal application.”.

8 (b) CONTENTS OF APPLICATIONS.—Section 351(b) is
9 amended—

10 (1) in paragraph (5)(A), by inserting “and the
11 Government Performance and Results Act” after
12 “under this title”; and

13 (2) in paragraph (6), by inserting before the
14 semicolon the following: “, except that for purposes
15 of section 316, paragraphs (2) and (3) shall not
16 apply”.

17 (c) WAIVERS.—Section 352(a) (20 U.S.C. 1067(a))
18 is amended—

19 (1) by striking “or” at the end of paragraph
20 (5);

21 (2) by redesignating paragraph (6) as para-
22 graph (7); and

23 (3) by inserting after paragraph (5) the follow-
24 ing new paragraph:

1 “(6) that is a tribally controlled community col-
2 lege as defined in the Tribally Controlled Commu-
3 nity College Act of 1978; or”.

4 (d) APPLICATION REVIEW PROCESS.—Section 353(a)
5 (20 U.S.C. 1068(a)) is amended—

6 (1) in paragraph (2), by striking “Native Amer-
7 ican colleges and universities” and inserting “Tribal
8 Colleges and Universities”; and

9 (2) in paragraph (3)—

10 (A) by striking subparagraph (A); and

11 (B) by redesignating subparagraphs (B)
12 and (C) as subparagraphs (A) and (B), respec-
13 tively.

14 (e) CONTINUATION AWARDS.—Part D of title III is
15 amended by inserting after section 354 (20 U.S.C. 1069)
16 the following new section:

17 **“SEC. 355. CONTINUATION AWARDS.**

18 “The Secretary shall make continuation awards
19 under this title for the second and succeeding years of a
20 grant only after determining that the recipient is making
21 satisfactory progress in carrying out the grant.”.

22 (f) AUTHORIZATION OF APPROPRIATIONS.—Section
23 360 (20 U.S.C. 1069f) is amended—

24 (1) by striking subsection (a) and inserting the
25 following:

1 “(a) AUTHORIZATIONS.—

2 “(1) PART A.—(A) There are authorized to be
3 appropriated to carry out part A (other than sections
4 316), \$135,000,000 for fiscal year 1999, and such
5 sums as may be necessary for each of the 4 succeed-
6 ing fiscal years.

7 “(B) There are authorized to be appropriated
8 to carry out section 316, \$10,000,000 for fiscal year
9 1999, and such sums as may be necessary for each
10 of the 4 succeeding fiscal years.

11 “(2) PART B.—(A) There are authorized to be
12 appropriated to carry out part B (other than section
13 326), \$135,000,000 for fiscal year 1999, and such
14 sums as may be necessary for each of the 4 succeed-
15 ing fiscal years.

16 “(B) There are authorized to be appropriated
17 to carry out section 326, \$35,000,000 for fiscal year
18 1999, and such sums as may be necessary for each
19 of the 4 succeeding fiscal years.

20 “(3) PART C.—There are authorized to be ap-
21 propriated to carry out part C, \$10,000,000 for fis-
22 cal year 1999, and such sums as may be necessary
23 for each of the 4 succeeding fiscal years.

24 “(4) PART D.—There are authorized to be ap-
25 propriated to carry out Part D, \$10,000,000 for fis-

1 cal year 1999, and such sums as may be necessary
 2 for each of the 4 succeeding fiscal years.”; and

3 (2) by striking subsections (c), (d), and (e).

4 **TITLE IV—STUDENT ASSISTANCE**

5 **PART A—GRANTS TO STUDENTS**

6 **SEC. 401. PELL GRANTS.**

7 (a) EXTENSION OF AUTHORITY.—Section 401(a) (20
 8 U.S.C. 1070a(a)) is amended—

9 (1) in paragraph (1)—

10 (A) by striking “September 30, 1998” and
 11 inserting “September 30, 2004”; and

12 (B) by striking the second sentence; and

13 (2) in paragraph (2), by striking “the disburse-
 14 ment system required by paragraph (1)” and insert-
 15 ing “the disbursement of Federal Pell Grants”.

16 (b) AMOUNT OF GRANT.—Section 401(b)(2)(A) is
 17 amended to read as follows:

18 “(2)(A) The amount of the Federal Pell Grant for
 19 a student eligible under this part shall be—

20 “(i) \$4,500 for academic year 1999–2000;

21 “(ii) \$4,700 for academic year 2000–2001;

22 “(iii) \$4,900 for academic year 2001–2002;

23 “(iv) \$5,100 for academic year 2002–2003; and

24 “(v) \$5,300 for academic year 2003–2004,

1 less an amount equal to the amount determined to be the
2 expected family contribution with respect to that student
3 for that year.”.

4 (c) RELATION OF MAXIMUM GRANT TO TUITION AND
5 EXPENSES.—Section 401(b)(3) is amended—

6 (1) by striking “\$2,400” each place it appears
7 and inserting “\$3,000”; and

8 (2) by adding at the end the following new sub-
9 paragraph:

10 “(C) An institution that charged only fees in lieu of
11 tuition as of January 31, 1997, may include in its deter-
12 mination of tuition charged, fees that would normally con-
13 stitute tuition.”.

14 (d) DEPENDENT CARE AND DISABILITY RELATED
15 EXPENSES.—Section 401(b)(3)(B) is amended by striking
16 “\$750” and inserting “\$1,500”.

17 (e) INSTITUTIONAL INELIGIBILITY BASED ON DE-
18 FAULT RATES.—Section 401 is amended by adding at the
19 end the following new subsection:

20 “(j) INSTITUTIONAL INELIGIBILITY BASED ON DE-
21 FAULT RATES.—

22 “(1) IN GENERAL.—No institution of higher
23 education shall be an eligible institution for purposes
24 of this section if such institution of higher education
25 is ineligible to participate in a loan program under

1 this title as a result of a final default rate deter-
2 mination made by the Secretary under part B or D
3 of this title, or both, after the final publication of
4 fiscal year 1996 cohort default rates.

5 “(2) SANCTIONS SUBJECT TO APPEAL OPPOR-
6 TUNITY.—No institution may be subject to the
7 terms of this subsection unless it has had the oppor-
8 tunity to appeal its default rate determination under
9 regulations issued by the Secretary for the Federal
10 Family Education Loan or Federal Direct Loan
11 Program, as applicable. This subsection shall not
12 apply to an institution that was not participating in
13 the loan programs authorized under part B or D of
14 this title on the date of enactment of the Higher
15 Education Amendments of 1998, unless the institu-
16 tion subsequently participates in the loan pro-
17 grams.”.

18 (f) PELL GRANT INCENTIVES.—Subpart 1 of part A
19 of title IV of the Higher Education Act of 1965 is amend-
20 ed by inserting after section 401 (20 U.S.C. 1070a) the
21 following new section:

22 **“SEC. 401A. PELL GRANT INCENTIVES.**

23 “(a) PROGRAM AUTHORITY.—From the amounts ap-
24 propriated pursuant to subsection (d), the Secretary shall
25 establish a program to increase the Pell grant awards

1 under section 401 during their first two academic years
2 of undergraduate education to students who graduate
3 after May 1, 1998, in the top 10 percent of their high
4 school graduating class.

5 “(b) AMOUNT OF INCREASE.—The additional amount
6 of Pell grant that shall be awarded under this section to
7 any student who qualifies under this section shall be an
8 amount equal to the amount for which the student is eligi-
9 ble under section 401 (determined without regard to the
10 provisions of this section), except that if the amount ap-
11 propriated pursuant to subsection (d) is less than the
12 amount required to award such additional amounts to all
13 such students, the additional amount awarded to each
14 such student under this section shall be ratably reduced.

15 “(c) DETERMINATIONS OF ELIGIBILITY.—

16 “(1) PROCEDURES ESTABLISHED BY REGULA-
17 TION.—The Secretary shall establish by regulation
18 procedures for the determination of eligibility of stu-
19 dents for increased Pell grant awards under this sec-
20 tion. Such procedures shall include measures to pre-
21 vent any secondary school from certifying more than
22 10 percent of it’s students for eligibility under this
23 section.

24 “(2) COORDINATION WITH NEED ANALYSIS.—In
25 prescribing procedures under paragraph (1), the

1 Secretary shall ensure that the determination of eli-
 2 gibility and the amount of the increase in the Pell
 3 grant award is determined in a timely manner con-
 4 sistent with the requirements of section 482 and the
 5 submission of the financial aid form required by sec-
 6 tion 483. For such purposes, the Secretary may pro-
 7 vide that, for the first of a student's two academic
 8 years of eligibility under this section, class rank may
 9 be determined prior to graduation, at such time and
 10 in such manner as the Secretary may specify in the
 11 regulations prescribed under this subsection.

12 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
 13 are authorized to be appropriated to award increased Pell
 14 grants under this section \$240,000,000 for fiscal year
 15 1999 and such sums as may be necessary for each of the
 16 4 succeeding fiscal years.”.

17 (g) CONFORMING AMENDMENTS.—

18 (1) Section 400(a)(1) (20 U.S.C. 1070(a)(1)) is
 19 amended by striking “basic educational opportunity
 20 grants” and inserting “Federal Pell Grants”.

21 (2) The heading of subpart 1 of part A of title
 22 IV is amended to read as follows:

23 **“Subpart 1—Federal Pell Grants”.**

24 (3) Section 401 is amended—

1 (A) in the heading of the section, by strik-
 2 ing “**BASIC EDUCATIONAL OPPORTUNITY**”
 3 and inserting “**FEDERAL PELL**”;

4 (B) in subsection (a)(3), by striking
 5 “Basic grants” and inserting “Grants”;

6 (C) by striking “basic grant” each place it
 7 appears and inserting “Federal Pell Grant”;
 8 and

9 (D) by striking “basic grants” each place
 10 it appears and inserting “Federal Pell Grants”.

11 (4) Section 401(f)(3) is amended by striking
 12 “Education and Labor” and inserting “Education
 13 and the Workforce”.

14 (5) Section 452(c) (20 U.S.C. 1087b(c)) is
 15 amended by striking “basic grants” and inserting
 16 “Federal Pell Grants”.

17 (6) Subsections (j)(2) and (k)(3) of section 455
 18 (20 U.S.C. 1087e) are each amended by striking
 19 “basic grants” and inserting “Federal Pell Grants”.

20 **SEC. 402. FEDERAL TRIO PROGRAMS.**

21 (a) PROGRAM AUTHORITY; AUTHORIZATION OF AP-
 22 PROPRIATIONS.—

23 (1) DURATION OF GRANTS.—Section
 24 402A(b)(2) (20 U.S.C. 1070a–11(b)(2)) is amend-
 25 ed—

1 (A) by striking subparagraph (A);

2 (B) by striking the period at the end of
3 subparagraph (B) and inserting “; and”;

4 (C) by redesignating subparagraph (B) as
5 subparagraph (A); and

6 (D) by adding at the end the following new
7 subparagraph:

8 “(B) grants under section 402H shall be
9 awarded for a period determined by the Sec-
10 retary.”.

11 (2) MINIMUM GRANTS.—Section 402A(b)(3) is
12 amended to read as follows:

13 “(3) MINIMUM GRANTS.—Unless the institution
14 or agency requests a smaller amount, individual
15 grants under this chapter shall be no less than—

16 “(A) \$170,000 for programs authorized by
17 sections 402D and 402G;

18 “(B) \$180,000 for programs authorized by
19 sections 402B and 402F; and

20 “(C) \$190,000 for programs authorized by
21 sections 402C and 402E.”.

22 (3) PROCEDURES FOR AWARDING GRANTS AND
23 CONTRACTS.—Subsection (c) of section 402A is
24 amended to read as follows:

1 “(c) PROCEDURES FOR AWARDING GRANTS AND
2 CONTRACTS.—

3 “(1) APPLICATION REQUIREMENTS.—An eligi-
4 ble entity that desires to receive a grant or contract
5 under this chapter shall submit an application to the
6 Secretary in such manner and form, and containing
7 such information and assurances, as the Secretary
8 may reasonably require.

9 “(2) PRIOR EXPERIENCE.—In making grants
10 under this chapter, the Secretary shall consider each
11 applicant’s prior experience of service delivery under
12 the particular program for which funds are sought.
13 The level of consideration given the factor of prior
14 experience shall not vary from the level of consider-
15 ation given such factor during fiscal years 1994
16 through 1997, except that grants made under sec-
17 tion 402H shall not be given prior experience consid-
18 eration.

19 “(3) ORDER OF AWARDS; PROGRAM FRAUD.—
20 (A) Except with respect to grants made under sec-
21 tions 402G and 402H and as provided in subpara-
22 graph (B), the Secretary shall award grants and
23 contracts under this chapter in the order of the
24 scores received by the application for such grant or
25 contract in the peer review process required under

1 section 110 and adjusted for prior experience in ac-
2 cordance with paragraph (2) of this subsection.

3 “(B) The Secretary is not required to provide
4 assistance to a program otherwise eligible for assist-
5 ance under this chapter, if the Secretary has deter-
6 mined that such program has involved the fraudu-
7 lent use of funds under this chapter.

8 “(4) PEER REVIEW PROCESS.—(A) The Sec-
9 retary shall assure that, to the extent practicable,
10 members of groups underrepresented in higher edu-
11 cation, including African Americans, Hispanics, Na-
12 tive Americans, Alaska Natives, Asian Americans,
13 Native American Pacific Islanders (including Native
14 Hawaiians), are represented as readers of applica-
15 tions submitted under this chapter. The Secretary
16 shall also assure that persons from urban and rural
17 backgrounds are represented as readers.

18 “(B) The Secretary shall ensure that each ap-
19 plication submitted under this chapter is read by at
20 least 3 readers who are not employees of the Federal
21 Government (other than as readers of applications).

22 “(5) NUMBER OF APPLICATIONS FOR GRANTS
23 AND CONTRACTS.—The Secretary shall not limit the
24 number of applications submitted by an entity under
25 any program authorized under this chapter if the

1 additional applications describe programs serving
2 different populations or campuses.

3 “(6) COORDINATION WITH OTHER PROGRAMS
4 FOR DISADVANTAGED STUDENTS.—The Secretary
5 shall encourage coordination of programs assisted
6 under this chapter with other programs for dis-
7 advantaged students operated by the sponsoring in-
8 stitution or agency, regardless of the funding source
9 of such programs. The Secretary shall not limit an
10 entity’s eligibility to receive funds under this chapter
11 because such entity sponsors a program similar to
12 the program to be assisted under this chapter, re-
13 gardless of the funding source of such program. The
14 Secretary shall permit the Director of a program re-
15 ceiving funds under this chapter to administer one
16 or more additional programs for disadvantaged stu-
17 dents operated by the sponsoring institution or agen-
18 cy, regardless of the funding sources of such pro-
19 grams.

20 “(7) APPLICATION STATUS.—The Secretary
21 shall inform each entity operating programs under
22 this chapter regarding the status of their application
23 for continued funding at least 8 months prior to the
24 expiration of the grant or contract. The Secretary,
25 in the case of an entity that is continuing to operate

1 a successful program under this chapter, shall en-
2 sure that the start-up date for a new grant or con-
3 tract for such program immediately follows the ter-
4 mination of preceding grant or contract so that no
5 interruption of funding occurs for such successful re-
6 applicants. The Secretary shall inform each entity
7 requesting assistance under this chapter for a new
8 program regarding the status of their application at
9 least 8 months prior to the proposed startup date of
10 such program.”.

11 (4) AUTHORIZATION OF APPROPRIATIONS.—
12 Section 402A(f) is amended—

13 (A) by striking “\$650,000,000 for fiscal
14 year 1993” and inserting “\$800,000,000 for
15 fiscal year 1999”; and

16 (B) by striking everything after the first
17 sentence.

18 (b) TALENT SEARCH.—Section 402B(b) (20 U.S.C.
19 1070a–12(b)) is amended—

20 (1) by striking paragraph (4) and inserting the
21 following:

22 “(4) guidance on and assistance in secondary
23 school reentry, entry to general educational develop-
24 ment (GED) programs, other alternative education

1 programs for secondary school dropouts, or post-
2 secondary education;”; and

3 (2) in paragraph (8), by striking “parents” and
4 inserting “families”.

5 (c) UPWARD BOUND.—Section 402C (20 U.S.C.
6 1070a–13) is amended—

7 (1) in subsection (b)—

8 (A) in paragraph (2), by striking “personal
9 counseling” and inserting “counseling and
10 workshops”;

11 (B) in paragraph (6)—

12 (i) by inserting “work-study and
13 other” before “activities”; and

14 (ii) by inserting before the semicolon
15 at the end the following: “, including ca-
16 reers requiring a postsecondary degree”;

17 (C) in paragraph (9), by striking “and” at
18 the end;

19 (D) in paragraph (10), by striking
20 “through (9)” and inserting “through (10)”;
21 and

22 (E) by redesignating paragraph (10) as
23 paragraph (11) and by inserting after para-
24 graph (9) the following new paragraph:

1 “(10) special services to enable veterans to
2 make the transition to postsecondary education;
3 and”; and

4 (2) in subsection (c), by inserting “, other than
5 a project a majority of the participants in which are
6 veterans,” after “this chapter”.

7 (d) STUDENT SUPPORT SERVICES.—Section
8 402D(c)(6) (20 U.S.C. 1070a–14(c)(6)) is amended by in-
9 serting before the period at the end the following: “and
10 minimize the student’s loan burden”.

11 (e) POSTBACCALAUREATE ACHIEVEMENT PRO-
12 GRAM.—Section 402E (20 U.S.C. 1070a–15) is amend-
13 ed—

14 (1) in subsection (c)(3), by inserting “or accept-
15 ed in a graduate program” after “degree program”;
16 and

17 (2) in subsection (e)(1), by striking “\$2,400”
18 and inserting “\$3,200”.

19 (f) STAFF DEVELOPMENT ACTIVITIES.—Section
20 402G(b) (20 U.S.C. 1070a–17(b)) is amended by insert-
21 ing after paragraph (3) the following new paragraph:

22 “(4) The use of appropriate educational tech-
23 nology in the operation of projects assisted under
24 this chapter.”.

1 (g) EVALUATION FOR PROJECT IMPROVEMENT.—
2 Section 402H(b) (20 U.S.C. 1070a–18(b)) is amended by
3 adding at the end the following new sentence: “Such eval-
4 uations shall also investigate the effectiveness of alter-
5 native and innovative methods within Federal TRIO pro-
6 grams of increasing access to, and retention of, students
7 in postsecondary education.”.

8 **SEC. 403. NATIONAL EARLY INTERVENTION AND PARTNER-**
9 **SHIP PROGRAM.**

10 Section 404G (20 U.S.C. 1070a–27) is amended by
11 striking “1993” and inserting “1999”.

12 **SEC. 404. REPEALS.**

13 (a) REPEALS OF SUBPART 2 PROVISIONS.—The fol-
14 lowing provisions of subpart 2 of part A of title IV are
15 repealed:

16 (1) Chapter 3 (20 U.S.C. 1070a–31 et seq.).

17 (2) Chapter 4 (20 U.S.C. 1070a–41 et seq.).

18 (3) Chapter 5 (20 U.S.C. 1070a–51 et seq.).

19 (4) Chapter 6 (20 U.S.C. 1070a–61 et seq.).

20 (5) Chapter 7 (20 U.S.C. 1070a–71 et seq.).

21 (6) Chapter 8 (20 U.S.C. 1070a–81 et seq.).

22 (b) SUBPART 8.—Subpart 8 of part A of title IV (20
23 U.S.C. 1070f) is repealed.

1 (c) CONFORMING AMENDMENT.—Section 400(b) (20
2 U.S.C. 1070(b)) is amended by striking “subparts 1
3 through 8” and inserting “subparts 1 through 6”.

4 **SEC. 405. ESTABLISHMENT OF NEW PROGRAMS.**

5 Subpart 2 of part A of title IV is amended by insert-
6 ing after chapter 2 (20 U.S.C. 1070a–81) the following
7 new chapters:

8 **“CHAPTER 3—HIGH HOPES FOR COLLEGE**

9 **“Subchapter A—21st Century Scholar Certificates**

10 **“SEC. 406A. 21ST CENTURY SCHOLAR CERTIFICATES.**

11 “(a) FINDINGS.—The Congress makes the following
12 findings:

13 “(1) Among low-income students who, despite
14 high test scores, are not planning on attending col-
15 lege, nearly 60 percent cite an inability to afford
16 school as the reason.

17 “(2) About 80 percent of our 12th graders who
18 are interested in continuing their education after
19 high school go on to college if their parents read ma-
20 terials about financial aid, compared to only 55 per-
21 cent of such students if their parents do not read
22 this material.

23 “(3) In 1996, the American Council on Edu-
24 cation found that the public overestimated the tui-
25 tion of public 2-year colleges by about 3 times the

1 actual average tuition, of public 4-year colleges by
2 over twice the actual average tuition, and of private
3 4-year universities by almost one-third more than
4 the actual average tuition.

5 “(4) There is a need for, and a significant ben-
6 efit from, providing students, and through them
7 their parents, with information about the variety of
8 Federal student financial assistance programs, such
9 as Pell grants, Federal work-study and loans, and
10 the AmeriCorps Education Awards that make college
11 more affordable than ever before.

12 “(b) AUTHORITY.—

13 “(1) The Secretary, using funds appropriated
14 under section 407H(a) of this Act—

15 “(A) shall ensure that certificates, to be
16 known as 21st Century Scholar Certificates, are
17 provided to all students participating in projects
18 under chapter 2; and

19 “(B) may, as practicable, ensure that such
20 certificates are provided to all students in
21 grades 6 through 12 who attend schools at
22 which at least 50 percent of the students en-
23 rolled are eligible for free or reduced-price
24 lunch.

1 “(2) A 21st Century Scholar Certificate shall be
2 personalized for each student and indicate the
3 amount of Federal financial aid for college for which
4 a student may be eligible.

5 **“Subchapter B—High Hopes Partnerships**

6 **“SEC. 407A. PURPOSE.**

7 “‘It is the purpose of this chapter to encourage and
8 prepare students in low-income communities, beginning
9 not later than the 7th grade, to prepare for, enter, and
10 successfully complete college by assisting college-school-
11 community partnerships to—

12 “(1) provide in-school and on-campus early col-
13 lege awareness activities to these students and their
14 parents;

15 “(2) ensure ongoing adult guidance and other
16 support to these students;

17 “(3) provide useful, early information to these
18 students and their parents on the need for, options
19 related to, and financing (including the availability
20 of financial assistance) of a college education; and

21 “(4) help ensure that these students have ac-
22 cess to rigorous core courses, such as algebra and
23 geometry, that prepare them for college.

1 **“SEC. 407B. GRANTS.**

2 “(a) GRANTS AUTHORIZED.—From funds appro-
3 priated under section 407H(a), the Secretary shall make
4 grants to college-school-community partnerships for activi-
5 ties under section 407D.

6 “(b) ELIGIBLE PARTNERSHIP.—For purposes of this
7 chapter, an eligible partnership shall include—

8 “(1) one or more local educational agencies act-
9 ing on behalf of—

10 “(A) one or more participating schools;
11 and

12 “(B) the public secondary schools that stu-
13 dents from these schools would normally attend;

14 “(2) one or more degree granting institutions of
15 higher education; and

16 “(3) at least two community organizations or
17 entities, such as State agencies, businesses, profes-
18 sional associations, community-based organizations,
19 or other public or private agencies or organizations.

20 “(c) DEFINITIONS.—For the purpose of this chap-
21 ter—

22 “(1) ‘participating school’ means a public
23 school in which—

24 “(A) there is a 7th grade;

25 “(B) one or more cohorts of students re-
26 ceive services under this chapter; and

1 “(C) at least 50 percent of the students
2 enrolled are eligible for free or reduced-price
3 lunch; and

4 “(2) ‘cohort of students’ means—

5 “(A) an entire grade level of students in a
6 participating school; or

7 “(B) if the partnership determines that it
8 would promote the effectiveness of a project, an
9 entire grade level of students, beginning not
10 later than the 7th grade, who reside in public
11 housing as defined in section 3(b)(1) of the
12 United States Housing Act of 1937.

13 “(d) DURATION.—Each grant awarded under this
14 chapter shall be for a 6-year period.

15 “(e) COST SHARING.—

16 “(1) Federal funds shall provide no more than
17 80 percent of the cost of the project in the first
18 year, 70 percent of the cost in the second year, 60
19 percent of the cost in the third year, 50 percent of
20 the cost in the fourth year, 40 percent of the cost
21 in the fifth year, and 30 percent of the cost in the
22 sixth year.

23 “(2) The non-Federal share of grants awarded
24 under this chapter may—

1 “(A) be in cash or in kind, fairly evalu-
2 ated, including services, supplies, or equipment;
3 and

4 “(B) include the non-Federal share of
5 work-study grants under part C of title IV of
6 this Act awarded to students who serve as tu-
7 tors or mentors in projects under this chapter.

8 “(3) The Secretary may waive the cost sharing
9 requirement described in paragraph (1) for any eligi-
10 ble partnership that demonstrates to the satisfaction
11 of the Secretary an extraordinary hardship that pre-
12 vents compliance with that requirement.

13 “(f) **EQUITABLE GEOGRAPHIC DISTRIBUTION.**—To
14 the extent possible, the Secretary shall award grants under
15 this chapter in a manner that achieves an equitable geo-
16 graphic distribution of those grants.

17 “(g) **PRIORITY AWARDS UNDER CHAPTER 2.**—Be-
18 fore making grants under this chapter for fiscal year
19 1999, the Secretary shall, as appropriate, make awards
20 to recipients eligible for continuation awards under chap-
21 ter 2 of subpart 2 of this title as it was in effect prior
22 to the enactment of the Higher Education Amendments
23 of 1998.

1 **“SEC. 407C. GRANT APPLICATION; PREFERENCES.**

2 “(a) APPLICATION REQUIRED.—An eligible partner-
3 ship desiring to receive a grant under this chapter shall
4 submit an application to the Secretary, in such form and
5 containing such information, as the Secretary may re-
6 quire.

7 “(b) APPLICATION CONTENTS.—Each application
8 shall include—

9 “(1) the name of each partner and a descrip-
10 tion of its responsibilities, including the designation
11 of either an institution of higher education or a local
12 educational agency as the fiscal agent for the part-
13 nership;

14 “(2) a description of the need for the project,
15 including a description of how the project will build
16 on existing services and activities, if any;

17 “(3) a listing of the human, financial (other
18 than funds under this chapter), and other resources
19 that each member of the partnership will contribute
20 to the partnership, and a description of the efforts
21 each member of the partnership will make in seeking
22 additional resources;

23 “(4) a description of how the project will oper-
24 ate, including how grant funds will be used to meet
25 the purpose of this chapter;

1 “(5) a description of how services will be coordi-
2 nated with, and will complement and enhance, serv-
3 ices received by participating schools and students
4 under other related Federal and non-Federal pro-
5 grams, including programs under title I, part A of
6 title VII, and part 1 of title X of the Elementary
7 and Secondary Education Act of 1965, the School-
8 to-Work Opportunities Act of 1994, section 402 of
9 this Act, and the Individuals with Disabilities Edu-
10 cation Act;

11 “(6) a description of how the partnership will
12 support and continue the services under this chapter
13 after the grant has expired;

14 “(7) an assurance from each local educational
15 agency using funds under this chapter that—

16 “(A) at least 50 percent of the students
17 enrolled in each participating school are eligible
18 for free or reduced-price lunch;

19 “(B) its aggregate expenditures per stu-
20 dent for activities described in this chapter will
21 not be reduced from the level of such expendi-
22 tures in the year prior to the grant; and

23 “(C) someone at each participating school
24 will be designated as the primary point of con-
25 tact for the partnership;

1 “(8) an assurance that participating students
2 will have access to rigorous core academic courses
3 that reflect challenging State or local academic
4 standards; and

5 “(9) an assurance that members will provide
6 the performance information required by the Sec-
7 retary, which would be used to base continuation of
8 the grant.

9 “(c) PREFERENCES.—In reviewing applications
10 under this chapter, the Secretary shall give preference to
11 projects that—

12 “(1) will serve participating schools in which at
13 least 75 percent of the students enrolled are eligible
14 for free or reduced-price lunch;

15 “(2) provide a commitment from non-Federal
16 sources to pay all or part of the cost of college,
17 through tuition assistance or guarantees (not al-
18 ready available), such as ‘last-dollar grants’, for par-
19 ticipating students; and

20 “(3) hold participating students responsible for
21 school or community service and high academic per-
22 formance.

23 **“SEC. 407D. PROGRAM REQUIREMENTS; USES OF FUNDS.**

24 “(a) PROGRAM REQUIREMENTS.—Projects under this
25 chapter shall—

1 “(1) have a program coordinator who is either
2 full-time or whose primary responsibility is the
3 project under this chapter;

4 “(2) provide services to at least one cohort of
5 students, beginning not later than the 7th grade;

6 “(3) ensure that the services authorized under
7 this chapter are provided through the 12th grade to
8 students in the cohort, including students who at-
9 tend another participating school or a secondary
10 school identified under section 407B(b)(1)(B);

11 “(4) include activities and information that fos-
12 ter and improve parent involvement in promoting
13 postsecondary education for their children, including
14 the provision of useful early information on the ad-
15 vantages of a college education, academic admissions
16 requirements, and the need to take core courses, ad-
17 missions and achievement tests, application proce-
18 dures, college costs and options, and the availability
19 of student financial aid;

20 “(5) include academic counseling, career aware-
21 ness, and tutoring or mentoring from trained per-
22 sonnel, as well as other student support services that
23 enable students to succeed academically and apply
24 for, enter, and complete college;

1 “(6) include training in promoting early college
2 awareness for classroom teachers, guidance coun-
3 selors, and staff of the schools involved in the
4 project; faculty and program personnel in participat-
5 ing institutions of higher education; and participat-
6 ing mentors and tutors;

7 “(7) include activities on college campuses and
8 enrichment activities associated with postsecondary
9 education; and

10 “(8) include arrangements that ensure that all
11 participating students have access to rigorous core
12 courses that reflect challenging State or local aca-
13 demic standards and that prepare them for college.

14 “(b) USE OF FUNDS.—In addition to the activities
15 described in subsection (a), recipient of funds under this
16 chapter may use them—

17 “(1) where necessary and appropriate to ensure
18 active participation, to pay stipends to participating
19 students and their mentors;

20 “(2) where necessary and appropriate to ensure
21 active participation, to pay transportation costs for
22 participants to attend project-sponsored activities;

23 “(3) to provide out-of-school and summer ac-
24 tivities related to the project;

25 “(4) for project evaluation; and

1 “(5) to recognize the responsibility and achieve-
2 ment of participating students through ceremonies,
3 awards, and other means.

4 **“SEC. 407E. SERVICES FOR STUDENTS ATTENDING PRIVATE**
5 **SCHOOLS.**

6 “A local educational agency that participates in an
7 eligible partnership shall provide services supported with
8 Federal funds under this chapter on an equitable basis,
9 consistent with section 14503 of Elementary and Second-
10 ary Education Act of 1965, to students in private schools
11 that—

12 “(1) have a 7th grade;

13 “(2) have students at least 50 percent of whom
14 are eligible for free or reduced-price lunch; and

15 “(3) are located in the normal attendance area
16 of a participating school.

17 **“SEC. 407F. EVALUATION.**

18 “In order to improve the operation of the program
19 assisted under this chapter, the Secretary shall, with funds
20 appropriated under section 407H(a), make grants to, and
21 enter into contracts and cooperative agreements with, in-
22 stitutions of higher education and other public and private
23 institutions and organizations to evaluate the effectiveness
24 of the program assisted under this chapter and, as appro-
25 priate, disseminate such results.

1 **“SEC. 407G. PEER REVIEW.**

2 “The Secretary shall use a peer review process to re-
3 view applications under this chapter and make rec-
4 ommendations for funding to the Secretary.

5 **“SEC. 407H. AUTHORIZATION OF APPROPRIATIONS.**

6 “(a) AUTHORIZATION OF APPROPRIATION.—There
7 are authorized to be appropriated \$140,000,000 for fiscal
8 year 1999 and such sums as may be necessary for each
9 of the 5 succeeding fiscal years to carry out this chapter.

10 “(b) RESERVATION FOR TECHNICAL ASSISTANCE
11 AND PEER REVIEW.—From the amount appropriated
12 under subsection (a) for any fiscal year, the Secretary may
13 reserve up 0.5 percent of that amount to obtain additional
14 qualified readers and additional staff to review applica-
15 tions, to increase the level of oversight monitoring, to sup-
16 port impact studies, program assessments and reviews,
17 and to provide technical assistance to potential applicants
18 and current grantees.

19 **“CHAPTER 4—FRANK TEJEDA SCHOLARSHIP**
20 **PROGRAM**

21 **“SEC. 408A. STATEMENT OF PURPOSE.**

22 “It is the purpose of this chapter to establish a Frank
23 Tejada Scholarship Program to recruit and train teachers
24 who are proficient in both Spanish and English and who
25 show promise of academic achievement.

1 **“SEC. 408B. SCHOLARSHIPS AUTHORIZED.**

2 “(a) PROGRAM AUTHORITY.—The Secretary is au-
3 thorized, in accordance with the provisions of this chapter,
4 to award scholarships to individuals consistent with the
5 purposes of this chapter.

6 “(b) TEJEDA SCHOLARS.—Individuals awarded
7 scholarships under this chapter shall be known as ‘Tejeda
8 Scholars’.

9 **“SEC. 408C. ALLOCATION AMONG STATES.**

10 “(a) ALLOCATION FORMULA.—From the sums ap-
11 propriated pursuant to the authority of section 408H for
12 any fiscal year, the Secretary shall allocate to each State
13 an amount equal to \$5,000 multiplied by the number of
14 scholarships determined by the Secretary to be available
15 to such State in accordance with subsection (b).

16 “(b) NUMBER OF SCHOLARSHIPS AVAILABLE.—The
17 number of scholarships to be made available in a State
18 for any fiscal year shall bear the same ratio to the number
19 of scholarships made available to all States as the State’s
20 population ages 5 through 17 bears to the population ages
21 5 through 17 in all the States, except that not less than
22 10 scholarships shall be made available to any State.

23 “(c) USE OF CENSUS DATA.—For the purpose of this
24 section, the population ages 5 through 17 in a State and
25 in all the States shall be determined by the most recently
26 available data, satisfactory to the Secretary, from the Bu-

1 reau of the Census. The Bureau of the Census shall
 2 produce and publish intercensal data for Puerto Rico and
 3 the other territories.

4 **“SEC. 408D. ELIGIBILITY OF SCHOLARS.**

5 “(a) HIGH SCHOOL GRADUATION OR EQUIVALENT
 6 AND ADMISSION TO INSTITUTION REQUIRED.—Each stu-
 7 dent awarded a scholarship under this chapter shall—

8 “(1) be—

9 “(A) a low-income individual, as that term
 10 is defined in section 402A(g)(2) of this title; or

11 “(B) an individual who is eligible for a Pell
 12 Grant under subpart 1 of this part;

13 “(2) be a citizen of the United States;

14 “(3) be a resident of the State in which he or
 15 she applies;

16 “(4) be enrolled or accepted for enrollment on
 17 a full- or part-time basis, at a graduate or under-
 18 graduate level, in an institution of higher education
 19 that has an accredited teacher preparation program;

20 “(5) have demonstrated proficiency in the
 21 English and Spanish languages, as certified by the
 22 applicant’s academic institution; and

23 “(6) have agreed, upon graduation from such
 24 program—

1 “(A) to serve no less than one year for
2 each year of scholarship assistance, but no
3 fewer than two years of service in total, as a
4 teacher in a public elementary or secondary
5 school in which there is a demonstrated need
6 for Spanish-speaking teachers and profes-
7 sionals, as determined by the Secretary;

8 “(B) to complete such service within 6
9 years of graduation; and

10 “(C) that if the student is unable to com-
11 plete such service, the student will, except as
12 provided in subsection (c), repay the Secretary
13 the total amount, or a pro rata amount of the
14 scholarship received under this chapter in pro-
15 portion to the amount of service completed, plus
16 interest and collection costs in the same manner
17 as repayment of a student loan made under
18 part D of this title.

19 “(b) SELECTION BASED ON PROMISE OF ACADEMIC
20 ACHIEVEMENT.—Each student awarded a scholarship
21 under this chapter must demonstrate outstanding aca-
22 demic achievement and show promise of continued aca-
23 demic achievement, as certified by the student’s academic
24 institution.

25 “(c) EXCEPTION TO REPAYMENT OBLIGATION.—

1 “(1) DEFERRAL DURING CERTAIN PERIODS.—A
2 recipient shall not be considered in violation of the
3 agreement entered into pursuant to subsection
4 (a)(4)(C) during any period in which the recipient—

5 “(A) is pursuing a full-time course of
6 study related to the field of teaching at an eligi-
7 ble institution;

8 “(B) is serving, not in excess of 3 years,
9 as a member of the armed services of the
10 United States;

11 “(C) is temporarily totally disabled for a
12 period of time not to exceed 3 years as estab-
13 lished by sworn affidavit of a qualified physi-
14 cian;

15 “(D) is unable to secure employment for a
16 period not to exceed 12 months by reason of
17 having to care for a spouse, child, parent, or
18 immediate family member who is disabled;

19 “(E) is seeking and unable to find full-
20 time employment for a single period not to ex-
21 ceed 12 months;

22 “(F) is seeking and unable to find full-time
23 employment as a teacher in a public or private
24 nonprofit preschool, elementary or secondary

1 school, or education program for a single period
2 not to exceed 27 months; or

3 “(G) satisfies the provisions of additional
4 repayment exceptions that may be prescribed by
5 the Secretary in regulations issued pursuant to
6 this subpart.

7 “(2) FORGIVENESS IF PERMANENTLY TOTALLY
8 DISABLED.—A recipient shall be excused from re-
9 payment of any scholarship assistance received
10 under this chapter if the recipient becomes perma-
11 nently totally disabled as established by sworn affi-
12 davit of a qualified physician.

13 **“SEC. 408E. SELECTION OF SCHOLARS.**

14 “(a) ESTABLISHMENT OF CRITERIA.—The Secretary
15 shall establish criteria for the selection of scholars under
16 this chapter that meet the requirements of section 408D.

17 “(b) TIMING OF SELECTION.—The selection process
18 shall be completed, and the awards made, no later than
19 May 1 of the academic year preceding the academic year
20 for which the award will be used.

21 **“SEC. 408F. STIPENDS AND SCHOLARSHIP CONDITIONS.**

22 “(a) AMOUNT OF AWARD.—Each student awarded a
23 scholarship under this chapter shall receive a stipend of
24 \$5,000 for the academic year of study for which the schol-
25 arship is awarded, except that in no case shall the total

1 amount of financial aid awarded to such student exceed
2 such student's total cost-of-attendance.

3 “(b) USE OF AWARD.—The State educational agency
4 shall establish procedures to assure that a scholar awarded
5 a scholarship under this chapter pursues a course of study
6 at an institution of higher education.

7 **“SEC. 408G. CONSTRUCTION OF NEEDS PROVISIONS.**

8 “Notwithstanding section 471, nothing in this chap-
9 ter, or any other Act, shall be construed to permit the
10 receipt of a scholarship under this chapter to be counted
11 for any needs test in connection with the awarding of any
12 grant or the making of any loan under this Act or any
13 other provision of Federal law relating to educational as-
14 sistance.

15 **“SEC. 408H. AUTHORIZATION OF APPROPRIATIONS.**

16 “There are authorized to be appropriated for this
17 chapter \$5,000,000 for fiscal year 1998 and such sums
18 as may be necessary for each of the 4 succeeding fiscal
19 years.

20 **“CHAPTER 5—CAMPUS-BASED CHILD CARE**

21 **“SEC. 410A. CAMPUS-BASED CHILD CARE.**

22 “(a) PROGRAM AUTHORIZED.—

23 “(1) AUTHORITY.—The Secretary may award
24 grants to institutions of higher education to assist

1 the institutions in providing campus-based child care
2 services to low-income students.

3 “(2) AMOUNT OF GRANTS.—

4 “(A) IN GENERAL.—The amount of a
5 grant awarded to an institution of higher edu-
6 cation under this section for a fiscal year shall
7 not exceed 1 percent of the total amount of all
8 Federal Pell Grant funds awarded to students
9 enrolled at the institution of higher education
10 for the preceding fiscal year.

11 “(B) MINIMUM.—A grant under this sec-
12 tion shall be awarded in an amount that is not
13 less than \$10,000.

14 “(3) DURATION AND PAYMENTS.—

15 “(A) DURATION.—The Secretary shall
16 award a grant under this section for a period
17 of 3 years.

18 “(B) PAYMENTS.—Subject to paragraph
19 (2), the Secretary shall make annual grant pay-
20 ments under this section.

21 “(4) ELIGIBLE INSTITUTIONS.—An institution
22 of higher education shall be eligible to receive a
23 grant under this section for a fiscal year if the total
24 amount of all Federal Pell Grant funds awarded to
25 students enrolled at the institution of higher edu-

1 cation for the preceding fiscal year equals or exceeds
2 \$350,000.

3 “(5) USE OF FUNDS.—Grant funds under this
4 section shall be used by an institution of higher edu-
5 cation to support or establish a campus-based child
6 care program serving the needs of low-income stu-
7 dents enrolled at the institution of higher education.

8 “(6) DEFINITION OF LOW-INCOME STUDENT.—
9 For the purpose of this section, the term ‘low-income
10 student’ means a student who is eligible to receive
11 a Federal Pell Grant for the fiscal year for which
12 the determination is made.

13 “(b) APPLICATIONS.—An institution of higher edu-
14 cation desiring a grant under this section shall submit an
15 application to the Secretary at such time, in such manner,
16 and accompanied by such information as the Secretary
17 may require. Each application shall—

18 “(1) demonstrate that the institution is an eligi-
19 ble institution described in subsection (a)(4);

20 “(2) specify the amount of funds requested;

21 “(3) demonstrate the need of low-income stu-
22 dents at the institution for campus-based child care
23 services by including in the application student de-
24 mographics and other relevant data;

1 “(4) identify the resources the institution will
2 draw upon to support the child care program and
3 the participation of low-income students in the pro-
4 gram, such as accessing social services funding,
5 using student activity fees to help pay the costs of
6 child care, using resources obtained by meeting the
7 needs of parents who are not low-income students,
8 accessing foundation, corporate, or other institu-
9 tional support, and demonstrating that the use of
10 the resources will not result in increases in student
11 tuition;

12 “(5) contain an assurance that the institution
13 will meet the child care needs of low-income students
14 through the provision of services, or through a con-
15 tract for the provision of services;

16 “(6) provide a timeline, covering the period
17 from receipt of the grant through the provision of
18 the child care services, delineating the specific steps
19 the institution will take to achieve the goal of provid-
20 ing low-income students with child care services;

21 “(7) specify any measures the institution will
22 take to assist low-income students with child care
23 during the period before the institution provides
24 child care services;

1 “(8) include a plan for identifying resources
2 needed for the child care services, including space in
3 which to provide child care services, and technical
4 assistance if necessary;

5 “(9) contain an assurance that any child care
6 facility assisted under this section will meet the ap-
7 plicable State or local government licensing, certifi-
8 cation, approval, or registration requirements; and

9 “(10) contain a plan for any child care facility
10 assisted under this section to become accredited
11 within 3 years of the date the institution first re-
12 ceives assistance under this section.

13 “(c) REPORTING REQUIREMENTS; CONTINUING ELI-
14 GIBILITY.—

15 “(1) REPORTING REQUIREMENTS.—

16 “(A) REPORTS.—Each institution of high-
17 er education receiving a grant under this sec-
18 tion shall report to the Secretary 18 months
19 and 36 months after receiving the first grant
20 payment under this section.

21 “(B) CONTENTS.—The report shall in-
22 clude—

23 “(i) data on the population served
24 under this section;

1 “(ii) information on campus and com-
2 munity resources and funding used to help
3 low-income students access child care serv-
4 ices;

5 “(iii) information on progress made
6 toward accreditation of any child care fa-
7 cility; and

8 “(iv) information on the impact of the
9 grant on the quality, availability, and af-
10 fordability of campus-based child care serv-
11 ices.

12 “(2) CONTINUING ELIGIBILITY.—The Secretary
13 shall make the third annual grant payment under
14 this section to an institution of higher education
15 only if the Secretary determines, on the basis of the
16 18-month report submitted under paragraph (1),
17 that the institution is making a good faith effort to
18 ensure that low-income students at the institution
19 have access to affordable, quality child care services.

20 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated to carry out this section
22 \$30,000,000 for fiscal year 1999 and such sums as may
23 be necessary for each of the 4 succeeding fiscal years.

1 **“CHAPTER 6—PUBLIC SAFETY OFFICER**
2 **MEMORIAL SCHOLARSHIPS**

3 **“SEC. 411A. SCHOLARSHIPS AUTHORIZED.**

4 “(a) IN GENERAL.—

5 “(1) SCHOLARSHIP AWARDS.—The Secretary is
6 authorized to award a scholarship to any eligible ap-
7 plicant who is enrolled, or has been accepted for en-
8 rollment, in an eligible institution as a full-time or
9 part-time postsecondary level student.

10 “(2) APPLICATION.—To receive a scholarship
11 award under this chapter, each eligible applicant
12 shall submit an application to the Secretary in such
13 time and manner as may be determined appropriate
14 by the Secretary—

15 “(A) accompanied by a certification from
16 the head of the agency that employed the public
17 safety officer to whom the applicant was mar-
18 ried (in the case of a surviving spouse), or with
19 whom the applicant was living or from whom
20 the applicant was receiving support contribu-
21 tions (in the case of a dependent child), stating
22 that such officer died as a result of the per-
23 formance of the officer’s official duties; and

24 “(B) demonstrating the applicant’s need
25 for financial aid under part F of this title, de-

1 terminated without regard to any assets derived
2 from death benefits for such officer, to pursue
3 a program of postsecondary education.

4 “(b) MAXIMUM AWARD.—For any academic year, the
5 maximum amount of a scholarship award under this sec-
6 tion for a postsecondary student may equal, but not ex-
7 ceed, the lesser of the following:

8 “(1) The average cost of attendance (as defined
9 in section 472), at a State university in the State in
10 which the student resides, for a State resident carry-
11 ing the same academic workload as the student, with
12 the same number of dependents as the student, and
13 residing in the same type of housing as the student.

14 “(2) The actual cost of attendance (as defined
15 in section 472) of such student.

16 “(c) AWARD PERIOD.—The duration of each award
17 under this chapter for a postsecondary student, shall be
18 the lesser of—

19 “(1) the time actually required by the student
20 to complete a course of study and obtain a diploma;
21 and

22 “(2) 6 years in the case of a student engaged
23 in undergraduate studies and 3 years in the case of
24 a student engaged in postgraduate studies.

1 “(d) NOTIFICATION.—The Secretary shall notify the
 2 recipient and the eligible institution of the applicant’s se-
 3 lection for receipt of an award under this chapter, the con-
 4 ditions pertaining to award eligibility and continuance.

5 “(e) FISCAL AGENT.—The Secretary shall, if prac-
 6 ticable, use the eligible institution as fiscal agent for pay-
 7 ment of an award.

8 **“SEC. 411B. ADDITIONAL AWARD REQUIREMENTS.**

9 “A student awarded a scholarship grant under this
 10 chapter, as a condition for initial receipt of such award
 11 and periodically thereafter as a condition for its continu-
 12 ation, shall demonstrate to the satisfaction of the Sec-
 13 retary that the student is—

14 “(1) maintaining satisfactory progress in the
 15 course of study the student is pursuing consistent
 16 with section 484(c);

17 “(2) committed to remaining drug-free; and

18 “(3) attending class on a regular basis as to not
 19 interfere with normal course of studies except for ex-
 20 cused absence for vacation, illness, military service
 21 and such other periods deemed good cause by the el-
 22 igible institution or the Secretary.

23 **“SEC. 411C. AGREEMENTS WITH ELIGIBLE INSTITUTIONS.**

24 “For the purposes of this chapter, the Secretary is
 25 authorized to enter into agreements with eligible institu-

1 tions in which any student receiving a scholarship award
 2 under this chapter has enrolled or has been accepted for
 3 enrollment. Each such agreement shall—

4 “(1) provide that an eligible institution will co-
 5 operate with the Secretary in carrying out the provi-
 6 sions of this chapter, including the provision of in-
 7 formation necessary for a student to satisfy the re-
 8 quirements in section 411B;

9 “(2) provide that the institution will conduct a
 10 periodic review to determine whether students en-
 11 rolled and receiving scholarship awards continue to
 12 be entitled to payments under this chapter and will
 13 notify the Secretary of the results of such reviews;
 14 and

15 “(3) provide for control and accounting proce-
 16 dures as may be necessary to assure proper dis-
 17 bursements and accounting of funds paid under to
 18 the institution under section 411A(e).

19 **“SEC. 411D. DEFINITIONS.**

20 “In this chapter:

21 “(1) **DEPENDENT CHILD.**—The term ‘depend-
 22 ent child’ means a child who is either living with or
 23 receiving regular support contributions from a public
 24 safety officer at the time of the officer’s death, in-
 25 cluding a stepchild or an adopted child.

1 “(2) ELIGIBLE APPLICANT.—The term ‘eligible
2 applicant’ means a person residing in a State who
3 is—

4 “(A) a surviving spouse; or

5 “(B) a dependent child.

6 “(3) ELIGIBLE INSTITUTION.—The term ‘eligi-
7 ble institution’ means an eligible institution as de-
8 fined in section 435(a) that—

9 “(A) is located in a State; and

10 “(B) complies with the antidiscrimination
11 provisions of section 601 of the Civil Rights Act
12 of 1964 and does not discriminate on the basis
13 of race.

14 “(4) PUBLIC SAFETY OFFICER.—The term
15 ‘public safety officer’ means a person serving a pub-
16 lic agency of a State or of a unit of general local
17 government, with or without compensation, as—

18 “(A) a law enforcement officer, including a
19 corrections or a court officer engaged in—

20 “(i) apprehending or attempting to
21 apprehend of any person—

22 “(I) for the commission of a
23 criminal act; or

1 “(II) who at the time was sought
2 as a material witness in a criminal
3 proceeding; or

4 “(ii) protecting or guarding a person
5 held for the commission of a criminal act,
6 or held as a material witness in connection
7 with a criminal act; or

8 “(iii) lawfully preventing of, or law-
9 fully attempting to prevent the commission
10 of, a criminal act or an apparent criminal
11 act in the performance of his official duty;
12 or

13 “(B) a firefighter.

14 “(5) SURVIVING SPOUSE.—The term ‘surviving
15 spouse’ means the legally married husband or wife
16 of a public safety officer at the time of the officer’s
17 death.

18 “(6) UNIT OF GENERAL LOCAL GOVERN-
19 MENT.—The term ‘unit of general local government’
20 means any city, county, township, town, borough,
21 parish, village, or any other general purpose subdivi-
22 sion of a State, or any Indian tribe which the Sec-
23 retary of the Interior determines performs law en-
24 forcement functions.”.

1 **SEC. 406. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPOR-**
2 **TUNITY GRANTS.**

3 (a) EXTENSION OF AUTHORITY.—Section
4 413A(b)(1) (20 U.S.C. 1070b(b)(1)) is amended by strik-
5 ing “1993” and inserting “1999”.

6 (b) USE OF FUNDS FOR LESS-THAN-FULL-TIME
7 STUDENTS.—Subsection (d) of section 413C (20 U.S.C.
8 1070b–2(d)) is amended by striking “and if the total fi-
9 nancial need” and all that follows and inserting the follow-
10 ing: “, then grant funds shall be made available to such
11 independent and less-than-full-time students.”.

12 (c) ALLOCATION OF FUNDS.—Section 413D (20
13 U.S.C. 1070b-3) is amended—

14 (1) by striking subsection (b);

15 (2) in subsection (c)(1), by striking “three-
16 quarters of the remainder” and inserting “the re-
17 mainder”;

18 (3) in subsection (c)(2)(A)(i), by striking “sub-
19 section (d)” and inserting “subsection (c)”;

20 (4) by redesignating subsections (c), (d), (e),
21 and (f) as subsections (b), (c), (d), and (e), respec-
22 tively; and

23 (5) by inserting after subsection (e) (as so re-
24 designated) the following new subsection:

25 “(f) CARRY-OVER/CARRY-BACK AUTHORITY.—

26 “(1) CARRY-OVER AUTHORITY.—

1 “(A) CARRY-OVER UP TO 10 PERCENT.—

2 Of the sums granted to an eligible institution
3 under this subpart for any fiscal year, 10 per-
4 cent may, at the discretion of the institution,
5 remain available for expenditure during the suc-
6 ceeding fiscal year to carry out the program
7 under this subpart.

8 “(B) REALLOCATION OF EXCESS.—Any of
9 the sums so granted to an institution for a fis-
10 cal year which are not needed by that institu-
11 tion to operate programs under this subpart
12 during that fiscal year, and which it does not
13 wish to use during the next fiscal year as au-
14 thorized in the preceding sentence, shall remain
15 available to the Secretary for making grants
16 under section 413B to other institutions in the
17 same State until the close of the second fiscal
18 year next succeeding the fiscal year for which
19 such funds were appropriated.

20 “(2) CARRY-BACK AUTHORITY.—

21 “(A) CARRY-BACK UP TO 10 PERCENT.—

22 Up to 10 percent of the sums the Secretary de-
23 termines an eligible institution may receive
24 from funds which have been appropriated for a
25 fiscal year may be used by the institution for

1 expenditure during the fiscal year preceding the
 2 fiscal year for which the sums were appro-
 3 priated.

4 “(B) USE OF CARRIED-BACK FUNDS.—An
 5 eligible institution may make grants to students
 6 after the end of the academic year, but prior to
 7 the beginning of the succeeding fiscal year,
 8 from such succeeding fiscal year’s appropria-
 9 tions.”.

10 **SEC. 407. GRANTS TO STATES FOR STATE STUDENT INCEN-**
 11 **TIVES.**

12 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
 13 415A(b) of the Higher Education Act of 1965 (20 U.S.C.
 14 1070c(b)) is amended—

15 (1) in paragraph (1), by striking “1993” and
 16 inserting “1999”;

17 (2) by redesignating paragraph (2) as para-
 18 graph (3); and

19 (3) by inserting after paragraph (1) the follow-
 20 ing:

21 “(2) RESERVATION.—For any fiscal year for
 22 which the amount appropriated under paragraph (1)
 23 exceeds \$25,000,000, the excess shall be available to
 24 carry out section 415E.”.

1 (b) SPECIAL LEVERAGING EDUCATIONAL ASSIST-
2 ANCE PARTNERSHIP PROGRAM.—Subpart 4 of part A of
3 title IV of the Higher Education Act of 1965 (20 U.S.C.
4 1070c et seq.) is amended—

5 (1) by redesignating section 415E as section
6 415F; and

7 (2) by inserting after section 415D the follow-
8 ing:

9 **“SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSIST-**
10 **ANCE PARTNERSHIP PROGRAM.**

11 “(a) IN GENERAL.—From amounts reserved under
12 section 415A(b)(2) for each fiscal year, the Secretary
13 shall—

14 “(1) make allotments among States in the same
15 manner as the Secretary makes allotments among
16 States under section 415B; and

17 “(2) award grants to States, from allotments
18 under paragraph (1), to enable the States to pay the
19 Federal share of the cost of the authorized activities
20 described in subsection (c).

21 “(b) AUTHORIZED ACTIVITIES.—Each State receiv-
22 ing a grant under this section may use the grant funds
23 for—

1 “(1) increasing the dollar amount of grants
2 awarded under section 415B to eligible students who
3 demonstrate financial need;

4 “(2) carrying out transition programs from sec-
5 ondary school to postsecondary education for eligible
6 students who demonstrate financial need;

7 “(3) carrying out a financial aid program for
8 eligible students who demonstrate financial need and
9 wish to enter teaching or careers in information
10 technology, or other fields of study determined by
11 the State to be critical to the State’s workforce
12 needs;

13 “(4) carrying out early intervention programs,
14 mentoring programs, and career education programs
15 for eligible students who demonstrate financial need;
16 and

17 “(5) awarding merit or academic scholarships
18 to eligible students who demonstrate financial need.

19 “(c) MAINTENANCE OF EFFORT REQUIREMENT.—
20 Each State receiving a grant under this section for a fiscal
21 year shall provide the Secretary an assurance that the ag-
22 gregate amount expended per student or the aggregate ex-
23 penditures by the State, from funds derived from non-Fed-
24 eral sources, for the authorized activities described in sub-
25 section (b) for the preceding fiscal year were not less than

1 the amount expended per student or the aggregate expend-
 2 itures by the State for the activities for the second preced-
 3 ing fiscal year. The Secretary may waive this subsection
 4 for good cause, as determined by the Secretary.

5 “(d) FEDERAL SHARE.—The Federal share of the
 6 cost of the authorized activities described in subsection (b)
 7 for any fiscal year shall be 25 percent.”.

8 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

9 (1) PURPOSE.—Subsection (a) of section 415A
 10 of the Higher Education Act of 1965 (20 U.S.C.
 11 1070c(a)) is amended to read as follows:

12 “(a) PURPOSE OF SUBPART.—It is the purpose of
 13 this subpart to make incentive grants available to States
 14 to assist States in—

15 “(1) providing grants to—

16 “(A) eligible students attending institu-
 17 tions of higher education or participating in
 18 programs of study abroad that are approved for
 19 credit by institutions of higher education at
 20 which such students are enrolled; and

21 “(B) eligible students for campus-based
 22 community service work-study; and

23 “(2) carrying out the activities described in sec-
 24 tion 415F.”.

1 (2) ALLOTMENT.—Section 415B(a)(1) of the
 2 Higher Education Act of 1965 (20 U.S.C. 1070c–
 3 1(a)(1)) is amended by inserting “and not reserved
 4 under section 415A(b)(2)” after “415A(b)(1)”.

5 **SEC. 408. SPECIAL PROGRAMS FOR STUDENTS WHOSE FAM-**
 6 **ILIES ARE ENGAGED IN MIGRANT AND SEA-**
 7 **SONAL FARMWORK.**

8 (a) COORDINATION.—Section 418A(d) (20 U.S.C.
 9 1070d–2(d)) is amended by inserting after “contains as-
 10 surances” the following: “that the grant recipient will co-
 11 ordinate its project, to the extent feasible, with other local,
 12 State, and Federal programs to maximize the resources
 13 available for migrant students, and”.

14 (b) EXTENSION OF AUTHORITY.—Section 418A(g) is
 15 amended by striking “1993” each place it appears and
 16 inserting “1999”.

17 (c) DATA COLLECTION.—Section 418A is amended
 18 by adding at the end the following new subsection:

19 “(h) DATA COLLECTION.—The National Center for
 20 Education Statistics shall collect postsecondary education
 21 data on migrant students.”.

22 (d) TECHNICAL AMENDMENTS.—Section 418A(e) is
 23 amended by striking “authorized by subpart 4 of this part
 24 in accordance with section 417A(b)(2)” and inserting “in
 25 accordance with section 402A(c)(1)”.

1 **SEC. 409. BYRD SCHOLARSHIPS.**

2 (a) ELIGIBILITY.—Section 419G (20 U.S.C. 1070d–
3 37) is amended by adding at the end the following new
4 subsection:

5 “(e) TERMINATION OF ELIGIBILITY.—The eligibility
6 of students from the Federated States of Micronesia, the
7 Republic of the Marshall Islands, and Palau shall expire
8 on the earlier of the date of enactment of the Higher Edu-
9 cation Amendments of 1998 or October 1, 1998.”.

10 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
11 419K (20 U.S.C. 1070d–41) is amended by striking
12 “\$10,000,000 for fiscal year 1993” and inserting
13 “\$40,000,000 for fiscal year 1999”.

14 **PART B—FEDERAL FAMILY EDUCATION LOAN**
15 **PROGRAM**

16 **SEC. 411. LIMITATION REPEALED.**

17 Section 421 (20 U.S.C. 1071) is amended by striking
18 subsection (d).

19 **SEC. 412. ADVANCES TO RESERVE FUNDS.**

20 Section 422 (20 U.S.C. 1072) is amended—

21 (1) in subsection (a)(2), by striking
22 “428(c)(10)(E)” and inserting “428(c)(9)(E)”;

23 (2) in subsection (c)(6)(B)(i), by striking “han-
24 dle written” and inserting “handle written, elec-
25 tronic,”;

26 (3) in subsection (c)(7)

1 (A) by striking “to a guaranty agency—”
 2 and everything that follows through “(B) if the
 3 Secretary” and inserting “to a guaranty agen-
 4 cy, if the Secretary”;

5 (B) by striking “428(c)(10)(F)(v)” and in-
 6 serting “428(c)(9)(F)(v)”;

7 (C) by inserting “and” after “cash
 8 needs,”; and

9 (D) by striking “or ensure” and everything
 10 that follows and inserting a period; and

11 (4) in the first and second sentences of sub-
 12 section (g)(1), by striking “or the program author-
 13 ized by part D of this title” each place it appears.

14 **SEC. 412A. GUARANTY AGENCY REFORMS.**

15 The Secretary shall conduct a study to investigate to
 16 what extent the actions of the lenders and the guarantors
 17 impact upon the default rates of student borrowers as it
 18 relates to the servicing of the loans or the due diligence
 19 of the loan.

20 **SEC. 413. GUARANTY AGENCY REFORMS.**

21 (a) **FEDERAL STUDENT LOAN RESERVE FUND.**—
 22 Part B of title IV is amended by inserting after section
 23 422 (20 U.S.C. 1072) the following new section:

1 **“SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.**

2 “(a) ESTABLISHMENT.—Each guaranty agency shall,
3 not later than 60 days after the date of enactment of this
4 section, deposit all funds, securities, and other liquid as-
5 sets contained in the reserve fund established pursuant to
6 section 422 of this part into a Federal Student Loan Re-
7 serve Fund (in this section and section 422B referred to
8 as the ‘Federal Fund’) which shall be an account of a type
9 selected by the agency, with the approval of the Secretary.

10 “(b) INVESTMENT OF FUNDS.—Funds maintained in
11 the Federal Fund shall be invested in obligations issued
12 or guaranteed by the United States or a State, or in other
13 similarly low-risk securities selected by the guaranty agen-
14 cy.

15 “(c) ADDITIONAL DEPOSITS.—After the establish-
16 ment of the Federal Fund, a guaranty agency shall deposit
17 into the Federal Fund—

18 “(1) all amounts received from the Secretary as
19 payment of reinsurance on loans pursuant to section
20 428(c)(1);

21 “(2) from amounts collected on behalf of the
22 obligation of a defaulted borrower, a percentage
23 amount equal to the complement of the reinsurance
24 percentage in effect when payment under the guar-
25 anty agreement was made with respect to the de-

1 faulted loan pursuant to sections 428(c)(6)(A) and
2 428F(a)(1)(B); and

3 “(3) insurance premiums collected from borrow-
4 ers pursuant to sections 428(b)(1)(H) and 428H(h).

5 “(d) USES OF FUNDS.—Subject to subsection (f),
6 the Federal Fund may only be used by a guaranty agen-
7 cy—

8 “(1) to pay lender claims pursuant to section
9 428(b)(1)(G), section 428(j), section 437, and sec-
10 tion 439(q); and

11 “(2) to pay into the Agency Operating Fund es-
12 tablished pursuant to section 422B a default preven-
13 tion fee in accordance with section 428(l).

14 “(e) OWNERSHIP OF FEDERAL FUND.—

15 “(1) IN GENERAL.—The Federal Fund of the
16 guaranty agency, and any assets purchased or devel-
17 oped with funds from the Federal Fund or any other
18 funds considered reserve funds on the date of enact-
19 ment of this section, regardless of who holds or con-
20 trols the reserves or assets, shall be considered to be
21 the property of the United States to be used in the
22 operation of the program authorized by this part, as
23 provided in subsection (d) of this section.

24 “(2) NONLIQUID RESERVE FUND AND OTHER
25 ASSETS.—Notwithstanding any other provision of

1 law, nonliquid reserve fund assets, such as buildings
2 and equipment purchased or developed by the guar-
3 anty agency with funds from the Federal Fund, or
4 any other funds considered reserve funds on the date
5 of enactment of this section shall—

6 “(A) remain the property of the United
7 States;

8 “(B) be used only for such purposes as the
9 Secretary determines are appropriate; and

10 “(C) be subject to such restrictions on the
11 disposition of such assets (which may include a
12 requirement that any sale of such assets be at
13 not less than fair market value) as the Sec-
14 retary determines are appropriate.

15 “(f) TRANSITION.—

16 “(1) IN GENERAL.—In order to establish the
17 Agency Operating Fund authorized by section 422B,
18 each guaranty agency may transfer up to 180 days
19 cash expenses for normal operating expenses, as a
20 working capital reserve as defined in Office of Man-
21 agement and budget circular A–87 (Cost Accounting
22 Standards) from the Federal Fund for deposit into
23 the Agency Operating Fund for use in the perform-
24 ance of its duties under this part. Such transfers
25 may occur during the first three years following the

1 establishment of the Operating Fund. However, no
2 agency may transfer in excess of 50 percent of the
3 Federal Fund balance to its Operating Fund during
4 any fiscal year. In determining the transfer amount,
5 the agency shall insure that sufficient funds remain
6 in the Federal Fund to pay lender claims within the
7 required time periods and to meet the reserve recall
8 requirements of the Balanced Budget Act of 1997.

9 “(2) REPAYMENT PROVISIONS.—Each guaranty
10 agency shall begin repayment of sums transferred
11 pursuant to this subsection no later than the start
12 of the fourth year after the establishment of the
13 Agency Operating Fund, and shall repay all
14 amounts transferred no later than 5 years from the
15 date of the establishment of the Agency Operating
16 Fund. Each guaranty agency shall provide to the
17 Secretary, on an annual basis, a financial analysis
18 demonstrating its ability to repay all outstanding
19 amounts while any transferred amounts are owned
20 to the Federal Fund.

21 “(3) SPECIAL RULE.—In applying the minimum
22 reserve level required by section 428(c)(9)(A), the
23 Secretary shall include all amounts owed to the Fed-
24 eral Fund by the agency due to transfers allowed
25 under paragraph (1) in the calculation.”.

1 (b) AGENCY OPERATING FUND ESTABLISHED.—Part
2 B of title IV is further amended by inserting after section
3 422A (as added by subsection (a)) the following new sec-
4 tion:

5 **“SEC. 422B. AGENCY OPERATING FUND.**

6 “(a) ESTABLISHMENT.—Each guaranty agency shall,
7 not later than 60 days after the date of enactment of this
8 section, establish a fund designated as the Agency Operat-
9 ing Fund (hereinafter referred to as the ‘Operating
10 Fund’).

11 “(b) INVESTMENT OF FUNDS.—Funds deposited into
12 the Operating Fund shall be invested at the discretion of
13 the guaranty agency in accordance with prudent investor
14 standards.

15 “(c) ADDITIONAL DEPOSITS.—After the establish-
16 ment of the Operating Fund, the guaranty agency shall
17 deposit into the Operating Fund—

18 “(1) the loan processing and issuance fee paid
19 by the Secretary pursuant to section 428(f);

20 “(2) the portfolio maintenance fee paid by the
21 Secretary pursuant to section 458;

22 “(3) the default prevention fee paid in accord-
23 ance with section 428(l);

24 “(4) amounts retained by the guaranty agency
25 pursuant to section 428(c)(6)(B) from collection on

1 defaulted loans held by the agency, after payment of
2 the Secretary's equitable share, excluding amounts
3 deposited in the Federal Fund pursuant to section
4 422A(c)(2); and

5 “(5) interest earned on the Federal Fund dur-
6 ing the first 3 years after the date of enactment of
7 this section by a limited number of guaranty agen-
8 cies (not to exceed 10) that demonstrate to the Sec-
9 retary the potential for a negative cash flow in the
10 Operating Fund during the restructuring of their
11 operations in accordance with the requirements of
12 this section and section 422A.

13 “(d) USES OF FUNDS.—

14 “(1) IN GENERAL.—Funds in the Operating
15 Fund shall be used for activities related to student
16 financial aid, including application processing, loan
17 disbursement, enrollment and repayment status
18 management, default prevention activities, default
19 collection activities, school and lender training, fi-
20 nancial awareness and outreach activities, compli-
21 ance monitoring, other loan program related activi-
22 ties in support of postsecondary education and other
23 student financial aid related activities as determined
24 by the guaranty agency.

1 “(2) SPECIAL RULE.—The guaranty agency
2 may, in its discretion, transfer funds from the Oper-
3 ating Fund to the Federal Student Loan Reserve
4 Fund for use in accordance with section 422A. Such
5 transfer shall be irrevocable, and any funds so trans-
6 ferred shall become the property of the United
7 States.

8 “(3) DEFINITIONS.—For purposes of this sub-
9 section:

10 “(A) The term ‘default collection activities’
11 means activities of a guaranty agency which are
12 directly related to the collection of the loan on
13 which a default claim has been paid to the par-
14 ticipating lender, including the due diligence ac-
15 tivities required pursuant to regulations of the
16 Secretary.

17 “(B) The term ‘default prevention activi-
18 ties’ means activities of a guaranty agency
19 which are directly related to providing collection
20 assistance to the lender on a delinquent loan,
21 prior to the loan’s being legally in a default sta-
22 tus, including due diligence activities required
23 pursuant to regulations of the Secretary.

24 “(C) The term ‘enrollment and repayment
25 status management’ means activities of a guar-

1 anty agency which are directly related to
2 ascertaining the student's enrollment status, in-
3 cluding prompt notification to the lender of
4 such status, an audit of the note or written
5 agreement to determine if the provisions of that
6 note or agreement are consistent with the
7 records of the guaranty agency as to the prin-
8 cipal amount of the loan guaranteed, and an ex-
9 amination of the note or agreement to assure
10 that the repayment provisions are consistent
11 with the provisions of this part.

12 “(e) OWNERSHIP OF OPERATING FUND.—The Oper-
13 ating Fund of the guaranty agency shall be considered to
14 be the property of the guaranty agency. The Secretary
15 may regulate the uses or expenditure of moneys in the
16 Operating Fund with respect to activities required under
17 guaranty agency agreements under subsections (b) and (c)
18 of section 428 until such time as a guaranty agency has
19 repaid to the Federal Fund all reserve funds transferred
20 under section 422A(f). During any period in which funds
21 are owed to the Federal Fund as a result of a transfer
22 under 422A(f), moneys in the Operating Fund may only
23 be used for expenses related to the student loan programs
24 authorized under this part. The Secretary may require

1 such necessary reports and audits as provided in section
2 428(b)(2).”.

3 (c) ADDITIONAL RECALL OF RESERVES.—Section
4 422 (as amended by section 412) is further amended by
5 adding at the end the following new subsection:

6 “(i) ADDITIONAL RECALL OF RESERVES.—

7 “(1) IN GENERAL.—Notwithstanding any other
8 provision of law, the Secretary shall recall
9 \$43,000,000 for each of the fiscal years 1999, 2000,
10 2001, 2002, and 2003 from the reserve funds held
11 by guaranty agencies.

12 “(2) DEPOSIT.—Funds recalled by the Sec-
13 retary under this subsection shall be deposited in the
14 Treasury.

15 “(3) REQUIRED SHARE.—The Secretary shall
16 require each guaranty agency to return annually re-
17 serve funds under paragraph (1) based on one-fifth
18 of the agency’s required share. For purposes of this
19 paragraph, a guaranty agency’s required share shall
20 be determined as follows:

21 “(A) The Secretary shall impose on each
22 guaranty agency an equal percentage reduction
23 in the amount of the agency’s reserve funds
24 held as of September 30, 1996.

1 “(B) The equal percentage reduction shall
2 be the percentage obtained by dividing—

3 “(i) \$215,000,000 by

4 “(ii) the total amount of all such
5 agencies’ reserve funds held as of Septem-
6 ber 30, 1996.

7 “(4) OFFSET OF REQUIRED SHARES.—If any
8 guaranty agency returns to the Secretary any re-
9 serves in excess of the amount required under this
10 subsection or subsection (h), the total amount re-
11 quired to be returned under paragraph (1) shall be
12 reduced by the amount of such additional reserve re-
13 turn.

14 “(5) DEFINITION OF RESERVE FUNDS.—The
15 term ‘reserve funds’ when used with respect to a
16 guaranty agency—

17 “(A) includes any reserve funds in cash or
18 liquid assets held by the guaranty agency, or
19 held by, or under the control of, any other en-
20 tity; and

21 “(B) does not include building, equipment,
22 or other nonliquid assets.”.

23 (d) CONFORMING AMENDMENTS.—

24 (1) REINSURANCE PAYMENTS.—

1 (A) AMENDMENTS.—Section 428(c)(1) (20
2 U.S.C. 1078(c)(1)) is amended—

3 (i) in subparagraph (A), by striking
4 “98 percent” and inserting “95 percent”;

5 (ii) in subparagraph (B)(i), by strik-
6 ing “88 percent” and inserting “85 per-
7 cent”; and

8 (iii) in subparagraph (B)(ii), by strik-
9 ing “78 percent” and inserting “75 per-
10 cent”;

11 (iv) in subparagraph (E)—

12 (I) by striking “for ‘98 percent’;”
13 and inserting “for ‘95 percent’;”;

14 (II) by striking “for ‘88 per-
15 cent’;” and inserting “for ‘85 per-
16 cent’;”; and

17 (III) by striking “for ‘78 per-
18 cent’.” and inserting “for ‘75 per-
19 cent’.”;

20 (v) in subparagraph (F)—

21 (I) by striking “for ‘98 percent’;”
22 and inserting “for ‘95 percent’;”;

23 (II) by striking “for ‘88 per-
24 cent’;” and inserting “for ‘85 per-
25 cent’;”; and

1 (III) by striking “for ‘78 per-
2 cent’.” and inserting “for ‘75 per-
3 cent’.”;

4 (vi) by striking subparagraph (D) and
5 redesignating subparagraphs (E) and (F)
6 as subparagraphs (D) and (E), respec-
7 tively.

8 (B) EFFECTIVE DATE.—The amendments
9 made by subparagraph (A) of this paragraph
10 apply to loans for which the first disbursement
11 is made on or after October 1, 1998.

12 (2) EQUITABLE SHARE.—Section 428(c)(6) is
13 amended—

14 (A) in subparagraph (A)—

15 (i) by striking “(A) For the purpose”
16 and inserting “For the purpose”; and

17 (ii) by striking clause (ii) and insert-
18 ing the following:

19 “(ii) an amount equal to 24 percent of
20 such payments for use in accordance with sec-
21 tion 422B.”;

22 (B) by striking subparagraphs (B) and
23 (C); and

24 (C) by redesignating clauses (i) and (ii) as
25 subparagraphs (A) and (B).

1 (3) GUARANTY AGENCY RESERVE LEVEL.—Sec-
2 tion 428(c)(9) is amended—

3 (A) in subparagraph (A), by striking “.5
4 percent” and inserting “0.25 percent”; and

5 (B) in subparagraph (C)—

6 (i) by striking “80 percent pursuant
7 to section 428(c)(1)(B)(ii)” and inserting
8 “85 percent pursuant to paragraph
9 (1)(B)(i) of this subsection”; and

10 (ii) by striking “30 working days”
11 and inserting “45 working days”.

12 (4) PAYMENT OF CERTAIN COSTS.—Section
13 428(f) is amended—

14 (A) by striking paragraph (1)(A) and in-
15 serting the following:

16 “(1) PAYMENT FOR CERTAIN ACTIVITIES.—(A)
17 The Secretary shall, in accordance with the provi-
18 sions of this paragraph, pay to each guaranty agen-
19 cy for each fiscal year a loan processing and
20 issuance fee equal to 0.65 percent of the total prin-
21 cipal amount of the loans on which insurance was
22 issued under this part during such fiscal year by
23 such agency.”; and

24 (B) in paragraph (1)(B), by striking the
25 first sentence and inserting the following: “The

1 payment required by subparagraph (A) shall be
2 paid on a quarterly basis.”.

3 (5) DEFAULT AVERSION ASSISTANCE.—Section
4 428(l) is amended to read as follows:

5 “(1) DEFAULT AVERSION ASSISTANCE.—

6 “(1) ASSISTANCE REQUIRED.—Upon receipt of
7 a proper request from a lender received not earlier
8 than the 60th day of delinquency, a guaranty agency
9 having an agreement with the Secretary under sub-
10 section (c) of this section shall engage in default
11 aversion activities designed to prevent the default by
12 a borrower on a loan covered by such agreement.

13 “(2) REIMBURSEMENT.—(A) guaranty agency
14 may, in accordance with the provisions of this para-
15 graph, transfer from the Federal Student Loan Re-
16 serve Account to the Operating Account a default
17 aversion fee. Such fee shall be paid for any loan on
18 which a claim for default has not been paid as a re-
19 sult of the loan being brought into current repay-
20 ment status on or before the 210th day after the
21 loan becomes 60 days delinquent.

22 “(B) The default aversion fee shall be equal to
23 1 percent of the total unpaid principal and accrued
24 interest on the loan at the time the request is sub-
25 mitted by the lender. Such fee shall not be paid

1 more than once on any loan for which the guaranty
 2 agency averts the default unless at least 12 months
 3 has elapsed between the date the borrower became
 4 current in his or her payments and the date the
 5 lender filed a subsequent default aversion assistance
 6 request. A guaranty agency may transfer such fees
 7 earned under this subsection no more frequently
 8 than monthly.

9 “(C) For the purpose of earning the default
 10 aversion fee, the term ‘current repayment status’
 11 means that the borrower is not delinquent in the
 12 payment of any principal or interest on the loan.”.

13 **SEC. 414. SCOPE AND DURATION OF PROGRAM.**

14 Section 424(a) (20 U.S.C. 1074(a)) is amended—

15 (1) by striking “October 1, 2002” and inserting
 16 “October 1, 2004”; and

17 (2) by striking “September 30, 2006” and in-
 18 serting “September 30, 2008”.

19 **SEC. 415. LIMITATIONS ON INDIVIDUAL FEDERALLY IN-**
 20 **SURED LOANS AND FEDERAL LOAN INSUR-**
 21 **ANCE.**

22 Section 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is
 23 amended—

24 (1) in clause (i)—

1 (A) by inserting “and” after the semicolon
 2 at the end of subclause (I); and

3 (B) by striking subclauses (II) and (III)
 4 and inserting the following:

5 “(II) if such student is enrolled in a
 6 program of undergraduate education which
 7 is less than one academic year, the maxi-
 8 mum annual loan amount that such stu-
 9 dent may receive may not exceed the
 10 amount that bears the same ratio to the
 11 amount specified in subclause (I) as the
 12 length of such program measured in se-
 13 mester, trimester, quarter, or clock hours
 14 bears to one academic year;” and

15 (2) by inserting “and” after the semicolon at
 16 the end of clause (iii).

17 **SEC. 416. APPLICABLE INTEREST RATES.**

18 (a) APPLICABLE INTEREST RATES.—

19 (1) AMENDMENT.—Section 427A (20 U.S.C.
 20 1077a) is amended to read as follows:

21 **“SEC. 427A. APPLICABLE INTEREST RATES.**

22 “(a) INTEREST RATES FOR NEW LOANS ON OR
 23 AFTER JULY 1, 1998.—

24 “(1) IN GENERAL.—Subject to paragraph (2),
 25 with respect to any loan made, insured, or guaran-

1 teed under this part (other than a loan made pursu-
 2 ant to section 428B or 428C) for which the first dis-
 3 bursement is made on or after July 1, 1998, the ap-
 4 plicable rate of interest shall, during any 12-month
 5 period beginning on July 1 and ending on June 30,
 6 be determined on the preceding June 1 and be equal
 7 to—

8 “(A) the bond equivalent rate of 91-day
 9 Treasury bills auctioned at the final auction
 10 held prior to such June 1; plus

11 “(B) 2.3 percent,
 12 except that such rate shall not exceed 8.25 percent.

13 “(2) IN SCHOOL AND GRACE PERIOD RULES.—
 14 With respect to any loan under this part (other than
 15 a loan made pursuant to section 428B or 428C) for
 16 which the first disbursement is made on or after
 17 July 1, 1998, the applicable rate of interest for in-
 18 terest which accrues—

19 “(A) prior to the beginning of the repay-
 20 ment period of the loan; or

21 “(B) during the period in which principal
 22 need not be paid (whether or not such principal
 23 is in fact paid) by reason of a provision de-
 24 scribed in section 428(b)(1)(M) or
 25 427(a)(2)(C),

1 shall be determined under paragraph (1) by sub-
2 stituting ‘1.7 percent’ for ‘2.3 percent’.

3 “(3) PLUS LOANS.—With respect to any loan
4 under section 428B for which the first disbursement
5 is made on or after July 1, 1998, the applicable rate
6 of interest shall, during any 12-month period begin-
7 ning on July 1 and ending on June 30, be deter-
8 mined on the preceding June 1 and be equal to the
9 lesser of—

10 “(A)(i) the bond equivalent rate of 91-day
11 Treasury bills auctioned at the final auction
12 held prior to such June 1; plus

13 “(ii) 3.1 percent; or

14 “(B) 9.0 percent.

15 “(4) CONSOLIDATION LOANS.—With respect to
16 any consolidation loan under section 428C for which
17 the application is received by an eligible lender on or
18 after October 1, 1998, the applicable rate of interest
19 shall be at an annual rate on the unpaid principal
20 balance of the loan that is equal to the lesser of—

21 “(A) the weighted average of the interest
22 rates on the loans consolidated, rounded to the
23 nearest higher one-eighth of one percent; or

24 “(B) 8.25 percent.

1 “(b) LESSER RATES PERMITTED.—Nothing in this
 2 section or section 428C shall be construed to prohibit a
 3 lender from charging a borrower interest at a rate less
 4 than the rate which is applicable under this part.

5 “(c) CONSULTATION.—The Secretary shall determine
 6 the applicable rate of interest under this section after con-
 7 sultation with the Secretary of the Treasury and shall
 8 publish such rate in the Federal Register as soon as prac-
 9 ticable after the date of determination.”.

10 (2) CONFORMING AMENDMENT.—Section
 11 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by
 12 striking “section 427A(c)” and inserting “section
 13 427A(a)(3)”.

14 (b) SPECIAL ALLOWANCES.—

15 (1) AMENDMENT.—Section 438(b)(2)(F) (20
 16 U.S.C. 1087–1(b)(2)(F)) is amended to read as fol-
 17 lows:

18 “(F) LOANS DISBURSED AFTER JULY 1,
 19 1998.—

20 “(i) IN GENERAL.—Subject to paragraph
 21 (4) and clauses (ii), (iii), and (iv) of this sub-
 22 paragraph, and except as provided in subpara-
 23 graph (B), the special allowance paid pursuant
 24 to this subsection on loans for which the first

1 disbursement is made on or after July 1, 1998,
2 shall be computed—

3 “(I) by determining the average of the
4 bond equivalent rates of 91-day Treasury
5 bills auctioned for such 3-month period;

6 “(II) by subtracting the applicable in-
7 terest rates on such loans from such aver-
8 age bond equivalent rate;

9 “(III) by adding 2.8 percent to the re-
10 sultant percent; and

11 “(IV) by dividing the resultant per-
12 cent by 4.

13 “(ii) IN SCHOOL AND GRACE PERIOD.—In
14 the case of any loan for which the first dis-
15 bursement is made on or after July 1, 1998,
16 and for which the applicable rate of interest is
17 described in section 427A(a)(2), clause (i)(III)
18 of this subparagraph shall be applied by sub-
19 stituting ‘2.2 percent’ for ‘2.8 percent’.

20 “(iii) PLUS LOANS.—In the case of any
21 loan for which the first disbursement is made
22 on or after July 1, 1998, and for which the ap-
23 plicable rate of interest is described in section
24 427A(a)(3), clause (i)(III) of this subparagraph
25 shall be applied by substituting ‘3.1 percent’ for

1 ‘2.8 percent’, subject to clause (v) of this sub-
2 paragraph.

3 “(iv) CONSOLIDATION LOANS.—In the case
4 of any consolidation loan for which the applica-
5 tion is received by an eligible lender on or after
6 October 1, 1998, and for which the applicable
7 interest rate is determined under section
8 427A(a)(4), clause (i)(III) of this subparagraph
9 shall be applied by substituting ‘3.1 percent’ for
10 ‘2.8 percent’, subject to clause (v) of this sub-
11 paragraph.

12 “(v) LIMITATION ON SPECIAL ALLOW-
13 ANCES FOR PLUS AND CONSOLIDATION
14 LOANS.—In the case of PLUS loans made
15 under section 428B and disbursed on or after
16 July 1, 1998, for which the interest rate is de-
17 termined under 427A(a)(3), a special allowance
18 shall not be paid for such loan unless the rate
19 determined under subparagraph (A) of such
20 section (without regard to subparagraph (B) of
21 such section) exceeds 9.0 percent. In the case of
22 consolidation loans made under section 428C
23 for which the application is received by an eligi-
24 ble lender on or after October 1, 1998, and for
25 which the applicable interest rate is determined

1 under section 427A(a)(4), a special allowance
 2 shall not be paid for such loan unless the rate
 3 determined under subparagraph (A) of such
 4 section (without regard to subparagraph (B) of
 5 such section) exceeds 8.25 percent.”.

6 (2) CONSOLIDATION LOANS.—Section
 7 428C(c)(1) (20 U.S.C. 1078-3) is amended—

8 (A) by striking everything preceding sub-
 9 paragraph (D) and inserting the following:

10 “(1) INTEREST RATE.—(A) Except as provided
 11 in subparagraph (B), with respect to any loan made
 12 under this section for which the application is re-
 13 ceived by an eligible lender on or after October 1,
 14 1998, the applicable interest rate shall be deter-
 15 mined under section 427A(a)(4).”; and

16 (B) by redesignating subparagraph (D) as
 17 subparagraph (B).

18 (3) CONFORMING AMENDMENT.—Section
 19 438(b)(2)(C)(ii) is amended by striking “In the
 20 case” and inserting “Subject to subparagraph (F),
 21 in the case”.

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply with respect to any loan made, in-
 24 sured, or guaranteed under part B of title IV of the High-

1 er Education Act of 1965 for which the first disbursement
2 is made on or after July 1, 1998.

3 **SEC. 417. FEDERALLY GUARANTEED STUDENT LOANS.**

4 (a) REQUIREMENTS FOR FEDERAL INTEREST SUB-
5 SIDIES.—Section 428(a)(2) (20 U.S.C. 1078(a)(2)) is
6 amended by striking everything preceding subparagraph
7 (D) and inserting the following:

8 “(2) ADDITIONAL REQUIREMENTS TO RECEIVE
9 SUBSIDY.—(A) Each student qualifying for a portion
10 of an interest payment under paragraph (1) shall
11 provide to the lender a statement from the eligible
12 institution, at which the student has been accepted
13 for enrollment, or at which the student is in attend-
14 ance, which certifies the eligibility of the student to
15 receive a loan under this part and the amount of the
16 loan for which such student is eligible.

17 “(B) A student shall qualify for a portion of an
18 interest payment under paragraph (1) if the eligible
19 institution has provided the lender with a statement
20 that sets forth a schedule for disbursement of the
21 proceeds of the loan in installments, consistent with
22 the requirements of section 428G.

23 “(C) For the purpose of subparagraph (B), a
24 student shall qualify for a portion of an interest pay-
25 ment under paragraph (1) if the eligible institution

1 has provided the lender with a statement evidencing
2 a determination of need for a loan (as determined
3 under part F of this title) and the amount of such
4 need, subject to the provisions of subparagraph
5 (D).”.

6 (b) DURATION OF AUTHORITY.—Section 428(a)(5) is
7 amended—

8 (1) by striking “September 30, 2002” and in-
9 serting “September 30, 2004”; and

10 (2) by striking “September 30, 2006” and in-
11 serting “September 30, 2008”.

12 (c) ANNUAL LOAN LIMITS.—Section 428(b)(1)(A) is
13 amended—

14 (1) in clause (i)—

15 (A) by inserting “and” after the semicolon
16 at the end of subclause (I); and

17 (B) by striking subclauses (II) and (III)
18 and inserting the following:

19 “(II) if such student is enrolled
20 in a program of undergraduate edu-
21 cation which is less than one academic
22 year, the maximum annual loan
23 amount that such student may receive
24 may not exceed the amount that bears
25 the same ratio to the amount specified

1 in subclause (I) as the length of such
2 program measured in semester, tri-
3 mester, quarter, or clock hours bears
4 to one academic year;” and

5 (2) by inserting “and” after the semicolon at
6 the end of clause (iii).

7 (d) SELECTION OF REPAYMENT PLANS.—Section
8 428(b)(1)(D) is amended by striking “and (iii)” and in-
9 serting the following: “(iii) the student borrower may an-
10 nually change the selection of a repayment plan under this
11 part, and (iv)”.

12 (e) COINSURANCE.—Section 428(b)(1)(G) is amend-
13 ed by striking “not less than”.

14 (f) DEFERMENTS.—Section 428(b)(1)(M) is amend-
15 ed—

16 (1) in clause (i)(I), by inserting before the semi-
17 colon the following: “, except that no borrower, not-
18 withstanding the provisions of the promissory note,
19 shall be required to borrow an additional loan under
20 this title in order to be eligible to receive a
21 deferment under this clause”; and

22 (2) in clause (ii), by inserting before the semi-
23 colon the following: “, except that no borrower who
24 qualifies for unemployment benefits shall be required

1 to provide any additional paperwork for a deferment
2 under this clause”.

3 (g) LIMITATION, SUSPENSION, AND TERMINATION.—

4 Section 428(b)(1)(U) is amended—

5 (1) by striking “emergency action,,” each place
6 it appears and inserting “emergency action,”; and

7 (2) by striking “a compliance audit of each
8 lender” and inserting the following: “in the case of
9 any lender that originates or holds more than
10 \$5,000,000 in loans made under this title during an
11 annual audit period, a compliance audit of such
12 lender”.

13 (h) ADDITIONAL INSURANCE PROGRAM REQUIRE-
14 MENTS.—Section 428(b)(1) is further amended—

15 (1) by striking “and” at the end of subpara-
16 graph (W);

17 (2) in subparagraph (X)—

18 (A) by striking “428(c)(10)” and inserting
19 “428(c)(9)”;

20 (B) by striking the period at the end and
21 inserting “; and”;

22 (3) by adding at the end the following new sub-
23 paragraph:

24 “(Y) provides that the lender shall deter-
25 mine the eligibility of a borrower for a

1 deferment described in subparagraph (M)(i)
2 based on receipt of (i) a request for deferment
3 from the borrower, (ii) a newly completed loan
4 application that documents the borrower's eligi-
5 bility for a deferment, or (iii) student status in-
6 formation received by the lender that the bor-
7 rower is enrolled on at least a half-time basis.”.

8 (i) RESTRICTIONS ON INDUCEMENTS.—Section
9 428(b)(3) is amended—

10 (1) by striking subparagraph (C) and inserting
11 the following:

12 “(C) conduct unsolicited mailings of stu-
13 dent loan application forms to students enrolled
14 in secondary school or a postsecondary institu-
15 tion, or to parents of such students, except that
16 applications may be mailed to students who
17 have previously received loans guaranteed under
18 this part by the guaranty agency; or”;

19 (2) by adding at the end the following new sen-
20 tence:

21 “‘It shall not be a violation of this paragraph for a
22 guaranty agency to provide assistance to institutions
23 of higher education comparable to the kinds of as-
24 sistance provided to institutions of higher education
25 by the Department of Education.’”.

1 (j) DELAY IN COMMENCEMENT OF REPAYMENT PE-
 2 RIOD.—Section 428(b)(7) is amended by inserting after
 3 subparagraph (C) the following new subparagraph:

4 “(D) There shall be excluded from the 6
 5 months determined under subparagraph (A)(i) any
 6 period during which the student was called or or-
 7 dered to active duty in a reserve component of the
 8 Armed Forces of the United States.”.

9 (k) GUARANTY AGENCY INFORMATION TO ELIGIBLE
 10 INSTITUTIONS.—Section 428(c)(2)(H)(ii) is amended to
 11 read as follows:

12 “(ii) the guaranty agency shall not re-
 13 quire the payment from the institution of
 14 any fee for such information; and”.

15 (l) FORBEARANCE.—Section 428(c)(3) is amended—

16 (1) in subparagraph (A)(i), by striking “writ-
 17 ten”;

18 (2) in subparagraph (B), by inserting before
 19 the semicolon the following: “, including forbearance
 20 granted after consideration of a borrower’s total
 21 debt burden”; and

22 (3) in the last sentence—

23 (A) by striking “and (ii)” and inserting
 24 “(ii)”; and

1 (B) by inserting before the period at the
2 end the following: “, and (iii) forbearance for
3 periods not to exceed 60 days if the lender rea-
4 sonably determines that such suspensions are
5 necessary to research or process information
6 relative to such loan or to collect appropriate
7 documentation relating to the borrower’s re-
8 quest for a deferment or forbearance”.

9 (m) ASSIGNMENT.—Section 428(c)(8) is amended—
10 (1) by striking “(A)”; and
11 (2) by striking subparagraph (B).

12 (n) AGENCY TERMINATION.—Section 428(c)(9) is
13 amended—

14 (1) in subparagraph (E)—

15 (A) by inserting “or” at the end of clause
16 (iv);

17 (B) by striking “; or” at the end of clause
18 (v) and inserting a period; and

19 (C) by striking clause (vi);

20 (2) in subparagraph (F)(vii), by striking “to
21 avoid disruption” and everything that follows and in-
22 serting “and to avoid disruption of the student loan
23 program.”;

24 (3) in subparagraph (I), by inserting “on the
25 record” after “for a hearing”; and

1 (4) in subparagraph (K)—

2 (A) by striking “and Labor” and inserting
3 “and the Workforce”; and

4 (B) by striking everything after “guaranty
5 agency system” and inserting a period.

6 (o) LENDER REFERRAL.—Section 428(e) is amend-
7 ed—

8 (1) in paragraph (1)(B)(ii), by striking “during
9 the transition” and everything that follows through
10 “part D of this title”; and

11 (2) in paragraph (3), by striking “for costs of
12 transition”.

13 (p) ACTION ON AGREEMENTS.—Section 428(g) is
14 amended by striking “and Labor” and inserting “and the
15 Workforce”.

16 (q) LENDERS-OF-LAST-RESORT.—Section 428(j)(3)
17 is amended—

18 (1) in subparagraph (A)—

19 (A) in the heading thereof, by striking
20 “**DURING TRANSITION TO DIRECT LEND-**
21 **ING**”;

22 (B) by striking out “during the transition
23 from the Federal Family Education Loan Pro-
24 gram under this part of the Federal Direct Stu-

1 dent Loan Program under part D of this title,”
2 and inserting a comma;

3 (C) by inserting “designated for a State”
4 immediately after “a guaranty agency”; and

5 (D) by inserting “subparagraph (C) and”
6 immediately before “section 422(c)(7),”; and

7 (2) by adding at the end thereof the following
8 new subparagraph:

9 “(C) The Secretary shall exercise the authority
10 described in subparagraph (A) only if the Secretary
11 determines that eligible borrowers are seeking and
12 are unable to obtain loans under this part, and that
13 the guaranty agency designated for that State has
14 the capability to provide lender-of-last-resort loans in
15 a timely manner, in accordance with its obligations
16 under paragraph (1), but cannot do so without ad-
17 vances provided by the Secretary under this para-
18 graph. If the Secretary makes the determinations
19 described in the preceding sentence and determines
20 that it would be cost-effective to do so, the Secretary
21 may provide advances under this paragraph to that
22 guaranty agency. If the Secretary determines that
23 guaranty agency does not have such capability, or
24 will not provide such loans in a timely fashion, the
25 Secretary may provide such advances to enable an-

1 other guaranty agency, that the Secretary deter-
 2 mines to have such capability, to make lender-of-
 3 last-resort loans to eligible borrowers in that State
 4 who are experiencing loan access problems.”.

5 (r) INCOME CONTINGENT REPAYMENT.—Section
 6 428(m) is amended by striking “shall require at least 10
 7 percent of the borrowers” and inserting “may require bor-
 8 rowers”.

9 (s) STATE SHARE OF DEFAULT COSTS.—Subsection
 10 (n) of section 428 is repealed.

11 (t) BLANKET CERTIFICATE OF GUARANTY.—Section
 12 428 of the Act is amended by adding at the end the follow-
 13 ing new subsection:

14 “(n) BLANKET CERTIFICATE OF LOAN GUARANTY.—

15 “(1) IN GENERAL.—Any guaranty agency that
 16 has or enters into any insurance program agreement
 17 with the Secretary under this part may—

18 “(A) offer eligible lenders participating in
 19 the agency’s guaranty program blanket certifi-
 20 cates of loan guaranty that permit the lender to
 21 make loans without receiving prior approval
 22 from the guaranty agency of individual loans
 23 for eligible borrowers enrolled in eligible pro-
 24 grams at eligible institutions; and

1 “(B) provide eligible lenders with the abil-
 2 ity to transmit electronically data to the agency
 3 concerning loans the lender has elected to make
 4 under the agency’s insurance program via
 5 standard reporting formats, such reporting to
 6 occur at reasonable, mutually acceptable inter-
 7 vals.

8 “(2) LIMITATIONS ON BLANKET CERTIFICATE
 9 OF GUARANTY.—(A) An eligible lender may not
 10 make a loan to a borrower under this section after
 11 such lender receives a notification from the guaranty
 12 agency that the borrower is not an eligible borrower.

13 “(B) A guaranty agency and eligible lender may
 14 establish by mutual agreement limitations or restric-
 15 tions on the number or volume of loans issued by a
 16 lender under the blanket certificate of guaranty.”.

17 (u) NOTICE OF AVAILABILITY OF INCOME-SENSITIVE
 18 REPAYMENT OPTION.—

19 (1) AMENDMENT.—Section 428 is further
 20 amended by adding at the end the following new
 21 subsection:

22 “(o) NOTICE OF AVAILABILITY OF INCOME-SEN-
 23 SITIVE REPAYMENT OPTION.—At the time of offering a
 24 borrower a loan under this part, and at the time of offer-
 25 ing the borrower the option of repaying a loan in accord-

1 ance with this subsection, the lender shall provided the
2 borrower with a notice that informs the borrower, in a
3 form prescribed by the Secretary by regulation—

4 “(1) that all borrowers are eligible for income-
5 sensitive repayment through loan consolidation
6 under section 428C;

7 “(2) the procedures by which the borrower may
8 elect income-sensitive repayment; and

9 “(3) where and how the borrower may obtain
10 additional information concerning income-sensitive
11 repayment.”.

12 (2) CONFORMING AMENDMENTS.—

13 (A) Section 428(b)(1)(E)(i) is amended by
14 inserting before the semicolon the following: “or
15 of repaying the loan in accordance with an in-
16 come-sensitive repayment schedule offered pur-
17 suant to section 428C”.

18 (B) Section 485(b)(1)(A) is amended—

19 (i) by striking “and” at the end of
20 clause (i);

21 (ii) by striking the period at the end
22 of clause (ii) and inserting “; and”; and

23 (iii) by adding at the end the follow-
24 ing new clause:

1 “(iii) the information required to be disclosed
2 by lenders pursuant to section 428(o).”.

3 (v) NOTICE TO INSTITUTIONS OF DEFAULTS.—

4 (1) ADMINISTRATIVE AND FISCAL PROCE-
5 DURES.—Section 428(c)(2)(A) is amended by strik-
6 ing “proof that reasonable attempts were made” and
7 inserting “proof that the institution was contacted
8 and other reasonable attempts were made”.

9 (2) REIMBURSEMENT.—Section 428(c)(2)(G)
10 (20 U.S.C. 1078(c)(2)(G)) is amended by striking
11 “certifies to the Secretary that diligent attempts
12 have been made” and inserting “demonstrates to the
13 Secretary that diligent attempts, including direct
14 contact with the institution, have been made.”.

15 (3) NOTICE TO SECRETARY AND PAYMENT OF
16 LOSS.—The third sentence of section 430(a) (20
17 U.S.C. 1080(a)) is amended by inserting “the insti-
18 tution was contacted and other” after “submit proof
19 that”.

20 **SEC. 418. VOLUNTARY AGREEMENTS WITH GUARANTY**
21 **AGENCIES.**

22 Part B of title IV is amended by inserting after sec-
23 tion 428 (20 U.S.C. 1078) the following new section:

1 **“SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH**
2 **GUARANTY AGENCIES.**

3 “(a) VOLUNTARY AGREEMENTS.—

4 “(1) AUTHORITY.—Notwithstanding any other
5 provision of law, the Secretary may enter into a vol-
6 untary, flexible agreement with not more than 6
7 guaranty agencies under this section, in lieu of
8 agreements with a guaranty agency under sub-
9 sections (b) and (c) of section 428, under which the
10 Secretary may waive or modify any requirement
11 under this title applicable to the responsibilities of
12 the Secretary and a guaranty agency.

13 “(2) ELIGIBILITY.—Any guaranty agency that
14 had one or more agreements with the Secretary
15 under subsections (b) and (c) of section 428 as of
16 the day before the date of enactment of this section
17 may enter into an agreement with the Secretary
18 under this subsection.

19 “(b) TERMS OF AGREEMENT.—An agreement be-
20 tween the Secretary and a guaranty agency under this sec-
21 tion—

22 “(1) shall be developed by the Secretary, in con-
23 sultation with the guaranty agency;

24 “(2) shall be for a period not to exceed five
25 years, and may be renewed upon the agreement of
26 the parties;

1 “(3) may include provisions—

2 “(A) specifying the responsibilities of the
3 guaranty agency under the agreement, such
4 as—

5 “(i) administering the issuance of in-
6 surance on loans made under this part on
7 behalf of the Secretary;

8 “(ii) monitoring insurance commit-
9 ments made under this part;

10 “(iii) default prevention activities;

11 “(iv) review of default claims made by
12 lenders;

13 “(v) payment of default claims;

14 “(vi) collection of defaulted loans;

15 “(vii) adoption of internal systems of
16 accounting and auditing that are accept-
17 able to the Secretary, and reporting the re-
18 sult thereof to the Secretary on a timely,
19 accurate, and auditable basis;

20 “(viii) timely and accurate collection
21 and reporting of such other data as the
22 Secretary may require to carry out the
23 purposes of the programs under this title;

1 “(ix) monitoring of institutions and
2 lenders participating in the program under
3 this part; and

4 “(x) the performance of other pro-
5 gram functions by the guaranty agency.

6 “(B) regarding the fees the Secretary shall
7 pay, in lieu of revenues that the guaranty agen-
8 cy may otherwise receive under this part, to the
9 guaranty agency under the agreement, and
10 other funds that the guaranty agency may re-
11 ceive or retain under the agreement, except that
12 in no case may the cost to the Secretary of the
13 agreement, as reasonably projected by the Sec-
14 retary, exceed the cost to the Secretary, as
15 similarly projected, in the absence of the agree-
16 ment;

17 “(C) regarding the use of net revenues, as
18 described in the agreement under this section,
19 for such other activities in support of post-
20 secondary education as may be agreed to by the
21 Secretary and the guaranty agency;

22 “(D) regarding the standards by which the
23 guaranty agency’s performance of its respon-
24 sibilities under the agreement will be assessed,
25 and the consequences for a guaranty agency’s

1 failure to achieve a specified level of perform-
2 ance on 1 or more performance standards;

3 “(E) regarding the circumstances in which
4 a guaranty agency’s agreement under this sec-
5 tion may be ended in advance of its expiration
6 date;

7 “(F) regarding such other businesses, pre-
8 viously purchased or developed with reserve
9 funds, that relate to the program under this
10 part and in which the Secretary permits the
11 guaranty agency to engage; and

12 “(G) such other provisions as the Sec-
13 retary may determine to be necessary to protect
14 the United States from the risk of unreasonable
15 loss and to promote the purposes of this part;
16 and

17 “(4) shall provide for uniform lender participa-
18 tion with the guaranty agency under the terms of
19 the agreement.

20 “(c) TERMINATION.—At the expiration or early ter-
21 mination of an agreement under this section, the Sec-
22 retary shall reinstate the guaranty agency’s prior agree-
23 ments under subsections (b) and (c) of section 428, sub-
24 ject only to such additional requirements as the Secretary
25 determines to be necessary in order to ensure the efficient

1 transfer of responsibilities between the agreement under
 2 this section and the agreements under subsections (b) and
 3 (c) of section 428, including the guaranty agency's compli-
 4 ance with reserve requirements under sections 422 and
 5 428.”.

6 **SEC. 419. FEDERAL CONSOLIDATION LOANS.**

7 (a) AGREEMENTS WITH LENDERS.—Section 428C(a)
 8 (20 U.S.C. 1078–3(a)) is amended—

9 (1) by striking subclause (II) of paragraph
 10 (3)(B)(i) and inserting the following:

11 “(II) that loans received during the 180-
 12 day period following the making of the consoli-
 13 dation loan may be added to the consolidation
 14 loan.”; and

15 (2) by striking subparagraph (C) of paragraph
 16 (4) and inserting the following:

17 “(C) made under part D of this title;”.

18 (b) CONTENTS OF AGREEMENTS.—Section 428C(b)
 19 is amended—

20 (1) in paragraph (1)(A), by striking “under this
 21 section and (i)” and everything that follows and in-
 22 serting “under this section;”;

23 (2) in paragraph (4)(C)(ii)—

24 (A) by redesignating subclause (III) as
 25 subclause (IV);

1 (B) by inserting after subclause (II) the
2 following new clause:

3 “(III) by the Secretary, in the case of
4 a consolidation loan for which the applica-
5 tion is received by an eligible lender on or
6 after October 1, 1998, except that the Sec-
7 retary shall pay such interest only on that
8 portion of the loan that repays Federal
9 Stafford Loans for which the student bor-
10 rower received an interest subsidy under
11 section 428 or Federal Direct Stafford
12 Loans for which the borrower received an
13 interest subsidy under section 455; or”;
14 and

15 (C) in subclause (IV) (as redesignated), by
16 striking “subclause (I) or (II)” and inserting
17 “subclause (I), (II), or (III)”;

18 (3) in paragraph (6)(A), by inserting before the
19 semicolon at the end the following: “except that (i)
20 a lender is not required to consolidate loans de-
21 scribed in subparagraph (D) or (E) of subsection
22 (a)(4); and (ii) a lender is not prohibited from estab-
23 lishing a minimum loan balance for which it will
24 process a consolidation loan application”.

1 (c) EXTENSION OF AUTHORITY.—Section 428C(e) is
2 amended by striking “September 30, 2002” and inserting
3 “September 30, 2004”.

4 **SEC. 420. DISBURSEMENT.**

5 (a) REQUIREMENTS.—Section 428G(a)(1) (20 U.S.C.
6 1078–7(a)(1)) is amended by inserting “greater than one
7 semester, one trimester, one quarter, or four months”
8 after “period of enrollment”.

9 (b) DISBURSEMENT.—Section 428G(b)(1) is amend-
10 ed by adding at the end the following new sentence: “An
11 institution whose cohort default rate (as determined under
12 section 435(a)) for each of the three most recent fiscal
13 years for which data are available is less than 10 percent
14 shall be exempt from the requirements of this para-
15 graph.”.

16 (c) WITHHOLDING OF SECOND DISBURSEMENT.—
17 Section 428G(d)(2) is amended by inserting “by more
18 than \$300” after “under this title”.

19 **SEC. 421. UNSUBSIDIZED STAFFORD LOANS.**

20 (a) ELIGIBLE BORROWERS.—Section 428H(b) (20
21 U.S.C. 1078–8(b)) is amended by striking “which—” and
22 everything that follows and inserting the following:
23 “which certifies the eligibility of the student to receive a
24 loan under this part and the amount of the loan for which
25 such student is eligible. A student shall qualify for a loan

1 if the eligible institution has provided the lender with a
2 statement that sets forth a schedule for disbursement of
3 the proceeds of the loan in installments, consistent with
4 the requirements of section 428G.”.

5 (b) LOAN LIMITS.—Section 428H(d)(2)(A) is amend-
6 ed—

7 (1) by inserting “and” after the semicolon at
8 the end of clause (i); and

9 (2) by striking clauses (ii) and (iii) and insert-
10 ing the following:

11 “(ii) if such student is enrolled in a
12 program of undergraduate education which
13 is less than one academic year, the maxi-
14 mum annual loan amount that such stu-
15 dent may receive may not exceed the
16 amount that bears the same ratio to the
17 amount specified in clause (i) as the length
18 of such program measured in semester, tri-
19 mester, quarter, or clock hours bears to
20 one academic year;”.

21 (c) CAPITALIZATION OF INTEREST.—Section
22 428H(e)(2) is amended to read as follows:

23 “(2) CAPITALIZATION OF INTEREST.—Interest
24 on loans made under this section for which pay-
25 ments of principal are not required during the in-

1 school and grace periods or for which payments are
 2 deferred under sections 427(a)(2)(C) and
 3 428(b)(1)(M) shall, if agreed upon by the borrower
 4 and the lender—

5 “(A) be paid monthly or quarterly; or

6 “(B) be added to the principal amount of
 7 the loan by the lender only—

8 “(i) when the loan enters repayment;

9 “(ii) at the expiration of a grace pe-
 10 riod, in the case of a loan that qualifies for
 11 a grace period;

12 “(iii) at the expiration of a period of
 13 deferment; and

14 “(iv) when the borrower defaults.

15 Such capitalization of interest shall not be
 16 deemed to exceed the annual insurable limit on
 17 account of the student.”.

18 (d) QUALIFICATION.—Section 428H(e) is amended
 19 by adding at the end the following new paragraph:

20 “(7) QUALIFICATION FOR FORBEARANCE,
 21 DEFERMENT, AND INCOME-SENSITIVE REPAY-
 22 MENT.—A borrower of a loan made under this sec-
 23 tion may qualify for a forbearance or deferment, or
 24 an income-sensitive repayment plan for which the
 25 borrower is eligible, immediately upon receipt by the

1 lender or holder of a request from the borrower. Any
 2 necessary supporting documentation shall be secured
 3 by the lender or holder within 30 days of the request
 4 in order to continue the forbearance, deferment, or
 5 income-sensitive repayment plan.”.

6 (e) REPEAL.—Section 428H(f) is repealed.

7 **SEC. 422. REPEAL OF LOAN FORGIVENESS.**

8 Section 428J (20 U.S.C. 1078–10) is repealed.

9 **SEC. 423. LEGAL POWERS AND RESPONSIBILITIES.**

10 (a) GENERAL POWERS.—Section 432(a)(2) (20
 11 U.S.C. 1082(a)(2)) is amended by inserting “except that
 12 this section shall not be deemed to limit court review
 13 under chapter 7 of title 5, United States Code” after “Sec-
 14 retary’s control”.

15 (b) AUDIT OF FINANCIAL TRANSACTIONS.—Section
 16 432(f)(1) is amended—

17 (1) in subparagraph (B), by striking “section
 18 435(d)(1) (D), (F), or (H);” and inserting “section
 19 435(d)(1); and”;

20 (2) in subparagraph (C)—

21 (A) by striking “and Labor” and inserting
 22 “and the Workforce”; and

23 (B) by striking “; and” inserting a period;
 24 and

25 (3) by striking subparagraph (D).

1 (c) PROGRAM OF ASSISTANCE.—Section 432(k)(3) is
2 amended by striking “Within 1 year” and everything that
3 follows through “1992, the” and inserting “The”.

4 (d) COMMON FORMS AND FORMATS.—Section
5 432(m) is amended—

6 (1) in paragraph (1)(A), by striking “The Sec-
7 retary” and inserting “Subject to paragraph (2), the
8 Secretary”;

9 (2) by striking subparagraph (C) of paragraph
10 (1);

11 (3) in subparagraph (D), by striking “Nothing”
12 and inserting “Subject to paragraph (2), nothing”;

13 (4) by redesignating subparagraph (D) of such
14 paragraph as subparagraph (C);

15 (5) by redesignating paragraphs (2) and (3) as
16 paragraphs (3) and (4), respectively;

17 (6) by inserting after paragraph (1) the follow-
18 ing new paragraph:

19 “(2) FREE APPLICATION FOR FEDERAL STU-
20 DENT AID.—For academic year 1999–2000 and
21 thereafter, the Secretary shall prescribe the Free
22 Application for Federal Student Aid as the applica-
23 tion form under this part (other than sections 428B
24 and 428C).”; and

1 (7) by adding at the end the following new
2 paragraph:

3 “(5) MASTER PROMISSORY NOTE.—

4 “(A) DEVELOPMENT AND APPROVAL.—

5 Within 180 days of enactment of this Act, the
6 Secretary, in cooperation with representatives of
7 guaranty agencies, eligible lenders, institutions,
8 students, and organizations involved in student
9 financial assistance, shall develop and approve a
10 master promissory note that will allow for a
11 multiyear line of credit. Such note shall address
12 the needs of participants in the programs under
13 this part. The Secretary shall also develop and
14 approve a corresponding master promissory
15 note for use under part D of this title that ad-
16 dresses the needs of participants in the pro-
17 grams under such part.

18 “(B) SALE AND ASSIGNMENT; ENFORCE-

19 MENT.—Notwithstanding the preceding provi-
20 sions of this section, each loan made under a
21 master promissory note providing for a line of
22 credit may be sold and assigned independently
23 of any other loan made under the same promis-
24 sory note, and each such loan shall be sepa-
25 rately enforceable in all State and Federal

1 courts on the basis of an original or copy of the
2 master promissory note in accordance with its
3 terms.”.

4 (e) DEFAULT REDUCTION MANAGEMENT.—Section
5 432(n) is amended—

6 (1) in paragraph (1), by striking “1993” and
7 inserting “1999”; and

8 (2) in paragraph (3), by striking “and Labor”
9 and inserting “and the Workforce”.

10 (f) REPORTING REQUIREMENT.—Section 432(p) is
11 amended by striking “State postsecondary reviewing enti-
12 ties designated under subpart 1 of part H,”.

13 **SEC. 424. STUDENT LOAN INFORMATION.**

14 Section 433 (20 U.S.C. 1083) is amended—

15 (1) in the first sentence of subsection (a), by in-
16 serting “in simple and understandable terms” after
17 “to the borrower”; and

18 (2) in the first sentence of subsection (b), by in-
19 serting “in simple and understandable terms” after
20 “under this subsection”.

21 **SEC. 425. DEFINITIONS.**

22 (a) COHORT DEFAULT RATE.—Section 435(a) (20
23 U.S.C. 1085(a)) is amended—

24 (1) in subparagraph (A) of paragraph (2)—

1 (A) by striking “or” at the end of clause
2 (i); and

3 (B) by striking clause (ii) and inserting the
4 following:

5 “(ii) there are exceptional mitigating cir-
6 cumstances within the meaning of paragraph
7 (4); or

8 “(iii) there are, in the judgment of the
9 Secretary, other exceptional mitigating cir-
10 cumstances that would make the application of
11 this paragraph inequitable.”;

12 (2) in subparagraph (C) of paragraph (2), by
13 striking “July 1, 1998,” and inserting “July 1,
14 1999,”;

15 (3) in paragraph (3), by inserting “or, at the
16 request of the institution, a complete copy of the
17 records for loans made under this part or of the di-
18 rect loan servicer for loans made under part D”
19 after “and loan servicers”; and

20 (4) by adding at the end the following new
21 paragraphs:

22 “(4) DEFINITION OF MITIGATING CIR-
23 CUMSTANCES.—For purposes of paragraph (2), an
24 institution shall be treated as having exceptional
25 mitigating circumstances that make application of

1 that paragraph inequitable if such institution is cer-
2 tified by a certified public accountant to meet each
3 of the following criteria:

4 “(A) at least two-thirds of the students en-
5 rolled on at least a half-time basis at the insti-
6 tution—

7 “(i) are eligible to receive a Federal
8 Pell Grant award that is at least equal to
9 one-half the maximum Federal Pell Grant
10 award for which the student would be eligi-
11 ble based on his or her enrollment status;
12 or

13 “(ii) have an adjusted gross income of
14 the student, and his or her parents (unless
15 the student is an independent student), of
16 less than the poverty level, as determined
17 under criteria established by the Depart-
18 ment of Health and Human Services;

19 “(B) at least two-thirds of the students en-
20 rolled on a full-time basis at the institution in
21 any 12-month period ending not more than six
22 months prior to the date the institution submits
23 its appeal, and who remain enrolled beyond the
24 point at which the student would be entitled to
25 a tuition refund of 100 percent—

1 “(i) complete the educational program
2 in which they are enrolled within the time
3 normally required to complete that pro-
4 gram, as specified in the institution’s en-
5 rollment contract, catalog, or other mate-
6 rials; or

7 “(ii) continue to be enrolled and are
8 making satisfactory academic progress to-
9 ward completion of their program; or

10 “(iii) have entered active duty in the
11 armed forces of the United States; and

12 “(C) at least two-thirds of the students en-
13 rolled on a full-time basis at the institution who
14 complete the educational program in which they
15 are enrolled within any 12-month period ending
16 not more than six months prior to the date the
17 institution submits its appeal are placed for at
18 least 13 weeks in an employment position for
19 which they have been trained, or are enrolled
20 for at least 13 weeks in higher level education
21 program for which the educational program of
22 the institution provided substantial preparation,
23 or have entered active duty in the armed forces
24 of the United States.

1 “(5) REDUCTION OF DEFAULT RATES AT CER-
2 TAIN MINORITY INSTITUTIONS.—

3 “(A) BENEFICIARIES OF EXCEPTION RE-
4 QUIRED TO ESTABLISH MANAGEMENT PLAN.—

5 After July 1, 1998, any institution that has a
6 cohort default rate that equals or exceeds 25
7 percent for each of the three most recent fiscal
8 years for which data are available and that re-
9 lies on the exception in paragraph (2)(C) of this
10 subsection to continue to be an eligible institu-
11 tion shall—

12 “(i) submit to the Secretary a default
13 management plan which the Secretary, in
14 his discretion, after consideration of the in-
15 stitution’s history, resources, dollars in de-
16 fault, and targets for default reduction, de-
17 termines is acceptable and provides reason-
18 able assurance that the institution will, by
19 July 1, 2001, have a cohort default rate
20 that is less than 25 percent;

21 “(ii) engage an independent third
22 party (which may be paid with funds re-
23 ceived under part B of title III) to provide
24 technical assistance in implementing such
25 default management plan; and

1 “(iii) provide to the Secretary, on an
2 annual basis or at such other intervals as
3 the Secretary may require, evidence of co-
4 hort default rate improvement and success-
5 ful implementation of such default man-
6 agement plan.

7 “(B) DISCRETIONARY ELIGIBILITY CONDI-
8 TIONED ON IMPROVEMENT.—Notwithstanding
9 the expiration of the exception in paragraph
10 (2)(C), the Secretary may, in his discretion,
11 continue to treat an institution described in
12 subparagraph (A) of this paragraph as an eligi-
13 ble institution for each of the one-year periods
14 beginning on July 1, 1999, and July 1, 2000,
15 only if the institution submits by the beginning
16 of such period evidence satisfactory to the Sec-
17 retary that—

18 “(i) such institution has complied and
19 is continuing to comply with the require-
20 ments of subparagraph (A); and

21 “(ii) such institution has made sub-
22 stantial improvement, during each of the
23 preceding one-year periods, in its cohort
24 default rate.

1 “(6) SPECIAL RULE BASED ON PARTICIPATION
2 RATE INDICES.—(A) An institution that dem-
3 onstrates to the Secretary that its participation rate
4 index (as defined in regulations in effect on July 1,
5 1996) is equal to or less than .0375 for any of the
6 three most recent fiscal years for which data are
7 available shall not be subject to paragraph (2).

8 “(B) An institution shall provide the Secretary
9 with sufficient data to determine its participation
10 rate index within 30 days after receiving an initial
11 notification of its draft cohort default rate.

12 “(C) Prior to publication of a final cohort de-
13 fault rate for an institution that provides the data
14 under subparagraph (B), the Secretary shall notify
15 the institution of its compliance or noncompliance
16 with subparagraph (A).

17 “(7) AUTHORITY OF THE SECRETARY TO AS-
18 SIST DISTRESSED INSTITUTIONS.—The Secretary is
19 authorized pursuant to section 326(c)(7) to provide
20 administrative, fiscal, management, strategic plan-
21 ning, and technical assistance through a qualified
22 third-party consultant identified by the institution or
23 an organization representing such institutions. Insti-
24 tutions eligible for such assistance include those in-
25 stitutions which qualify for the exemption in para-

1 graph (2)(C)(i), (ii), and (iii) of this subsection, or
2 which have submitted a default management plan
3 under paragraph (5) which has been accepted by the
4 Secretary.”.

5 (b) ELIGIBLE LENDER.—Section 435(d) is amend-
6 ed—

7 (1) in paragraph (1)(A)(ii)—

8 (A) by striking “or” at the end of sub-
9 clause (I); and

10 (B) by inserting before the semicolon at
11 the end of subclause (II) the following: “, or
12 (III) it is a bank that is a wholly owned sub-
13 sidiary of a nonprofit foundation, the founda-
14 tion is described in section 501(c)(3) of the In-
15 ternal Revenue Code of 1986 and exempt from
16 taxation under section 501(a) of such Code and
17 has been participating in the program author-
18 ized by this part for three years as of the date
19 of enactment of the Higher Education Amend-
20 ments of 1998 and only makes loans to under-
21 graduate students who are 22 years of age or
22 younger and has a portfolio of not more than
23 \$10,000,000; and in determining whether the
24 making or holding of loans to students and par-
25 ents under this part is the primary consumer

1 credit function of the eligible lender, all loans
2 (including student loans and other consumer
3 loans) made or held as trustee or in a trust ca-
4 pacity for the benefit of a third party shall be
5 considered”;

6 (2) in paragraph (1)—

7 (A) by striking “and” at the end of sub-
8 paragraph (I);

9 (B) by striking the period at the end of
10 subparagraph (J) and inserting “; and”; and

11 (C) by adding at the end the following new
12 subparagraph:

13 “(K) a wholly owned subsidiary of a pub-
14 licly held holding company which, for the three
15 years preceding the date of enactment of this
16 subparagraph, through one or more subsidiaries
17 (i) acts as a finance company, and (ii) partici-
18 pates in the program authorized by this part
19 pursuant to subparagraph (C).”; and

20 (3) in paragraph (5), by adding at the end the
21 following new sentence:

22 “It shall not be a violation of this paragraph for a
23 lender to provide assistance to institutions of higher
24 education comparable to the kinds of assistance pro-

1 vided to institutions of higher education by the De-
2 partment of Education.”.

3 (c) LINE OF CREDIT.—Section 435(e) is amended to
4 read as follows:

5 “(e) LINE OF CREDIT.—The term ‘line of credit’
6 means an agreement between the lender and the borrower
7 pursuant to a master promissory note under which the
8 lender may make and disburse, in addition to the initial
9 loan, additional loans in subsequent years.”.

10 (d) DEFINITION OF DEFAULT.—

11 (1) AMENDMENT.—Section 435(*l*) is amend-
12 ed—

13 (A) by striking “180 days” and inserting
14 “270 days”; and

15 (B) by striking “240 days” and inserting
16 “330 days”.

17 (2) EFFECTIVE DATE.—The amendment made
18 by paragraph (1) shall apply with respect to loans
19 for which the first day of delinquency occurs on or
20 after the date of enactment of this Act.

21 (e) COHORT DEFAULT RATE: REHABILITATION.—
22 Section 435(m)(2)(C) is amended by adding at the end
23 the following new sentences: “Within 2 years after the
24 date of enactment of the Higher Education Amendments
25 of 1998, the Secretary shall, by regulation, require guar-

1 anty agencies to collect data with respect to defaulted
2 loans in a manner that will permit the identification of
3 any defaulted loan for which (i) the borrower is currently
4 making payments and has made not less than 6 consecu-
5 tive on-time payments by the end of such following fiscal
6 year, and (ii) a guaranty agency has renewed the borrow-
7 er's title IV eligibility as provided in section 428F(b).
8 Upon a determination by the Secretary that such data is
9 available, the Secretary shall, by regulation, prescribe the
10 extent to which any such defaulted loan may be excluded
11 from the calculation of the cohort default rate under this
12 subsection.”.

13 **SEC. 426. DISCHARGE.**

14 Section 437(c)(1) is amended—

15 (1) by inserting after “falsely certified by the
16 eligible institution,” the following: “or if the institu-
17 tion failed to make a refund of loan proceeds which
18 it owed to such student’s lender,”; and

19 (2) by adding at the end the following new sen-
20 tences: “In the case of a discharge based upon a
21 failure to refund, the amount of the discharge shall
22 not exceed that portion of the loan which should
23 have been refunded. The Secretary shall report to
24 the Committee on Education and the Workforce of
25 the House of Representatives and the Committee on

1 Labor and Human Resources of the Senate annually
2 as to the dollar amount of loan discharges attrib-
3 utable to failures to make refunds.”.

4 **SEC. 427. CANCELLATION OF LOANS FOR CERTAIN PUBLIC**
5 **SERVICE.**

6 Section 437 is further amended—

7 (1) in the section heading, by striking out the
8 period at the end thereof and inserting in lieu there-
9 of a semicolon and “**LOAN FORGIVENESS FOR**
10 **TEACHING.**”;

11 (2) by amending the heading for subsection (c)
12 to read as follows: “DISCHARGE RELATED TO
13 SCHOOL CLOSURE OR FALSE CERTIFICATION.—”;
14 and

15 (3) by adding at the end thereof the following
16 new subsection:

17 “(e) CANCELLATION OF LOANS FOR TEACHING.—

18 “(1) FUNCTIONS OF SECRETARY.—The Sec-
19 retary shall discharge the liability of a borrower of
20 a qualifying loan by repaying the amount owed on
21 the loan, to the extent specified in paragraph (4),
22 for service described in paragraph (3).

23 “(2) QUALIFYING LOANS.—

24 “(A) IN GENERAL.—For purposes of this
25 subsection, a loan is a qualifying loan if—

1 “(i) the loan was made under section
2 428 on or after the date of enactment of
3 the Higher Education Amendments of
4 1998 to a borrower who, on the date of en-
5 tering into the note or other written evi-
6 dence of the loan, had no outstanding bal-
7 ance of principal or interest on any loan
8 made before such date; and

9 “(ii) the loan was obtained to cover
10 the cost of instruction for an academic
11 year after the first and second year of un-
12 dergraduate education.

13 “(B) LIMITATION.—The Secretary may
14 not repay loans described in subparagraph (A)
15 to cover the costs of instruction for more than
16 two academic years, or three academic years in
17 the case of a program of instruction normally
18 requiring five years.

19 “(C) TREATMENT OF CONSOLIDATION
20 LOANS.—A loan made under section 428C may
21 be a qualifying loan for the purposes of this
22 subsection only to the extent that such loan was
23 used to repay a loan or loans that meet the re-
24 quirements of subparagraphs (A) and (B), as

1 determined in accordance with regulations pre-
2 scribed by the Secretary.

3 “(3) QUALIFYING SERVICE.—A loan shall be
4 discharged under paragraph (1) for service by the
5 borrower as a full-time teacher for each complete
6 academic year of service, after completion of the sec-
7 ond academic year of service, in a public or other
8 nonprofit private elementary or secondary school—

9 “(A) which is in the school district of a
10 local educational agency which is eligible in
11 such year for assistance pursuant to title I of
12 the Elementary and Secondary Education Act
13 of 1965; and

14 “(B) which for the purpose of this para-
15 graph and for that year has been determined by
16 the State educational agency of the State in
17 which the school is located to be a school in
18 which the enrollment of children counted under
19 section 1124(c) of the Elementary and Second-
20 ary Education Act of 1965 exceeds 30 percent
21 of the total enrollment of that school.

22 “(4) RATE OF DISCHARGE.—(A) Loans shall be
23 discharged under this subsection at the rate of—

24 “(i) 30 percent for the first or second com-
25 plete academic year of qualifying service as de-

1 scribed in paragraph (3) (after completion of
2 two years of service); and

3 “(ii) 40 percent for the third complete year
4 of such qualifying service.

5 “(B) The total amount that may be discharged
6 under this subsection for any borrower shall not ex-
7 ceed \$17,750.

8 “(C) If a portion of a loan is discharged under
9 subparagraph (A) for any year, the entire amount of
10 interest on that loan that accrues for that year shall
11 also be discharged by the Secretary.

12 “(D) Nothing in this section shall be construed
13 to authorize refunding of any repayment of a loan.

14 “(5) LIMITATION ON TEACHER ELIGIBILITY.—

15 “(A) SECONDARY SCHOOL TEACHERS.—A
16 borrower may not receive assistance under this
17 subsection by virtue of teaching in a secondary
18 school unless such borrower majored in the sub-
19 ject area in which they are teaching.

20 “(B) ELEMENTARY SCHOOL TEACHERS.—

21 A borrower may not receive assistance under
22 this subsection by virtue of teaching in a ele-
23 mentary school unless such borrower dem-
24 onstrates, in accordance with State teacher cer-
25 tification or licensing requirements, subject

1 matter knowledge and teaching skills in read-
2 ing, writing, mathematics, and other subjects
3 taught in elementary schools.

4 “(6) PREVENTION OF DOUBLE BENEFITS.—No
5 borrower may, for the same service, receive a benefit
6 under both this subsection and subtitle D of title I
7 of the National and Community Service Act of 1990
8 (42 U.S.C. 12571 et seq.).

9 “(7) METHOD OF PAYMENT.—The Secretary
10 shall specify in regulations the manner in which
11 lenders shall be reimbursed for loans made under
12 this part, or portions thereof, that are discharged
13 under this subsection.

14 “(8) LIST.—If the list of schools in which a
15 teacher may perform service pursuant to paragraph
16 (3) is not available before May 1 of any year, the
17 Secretary may use the list for the year preceding the
18 year for which the determination is made to make
19 such service determination.

20 “(9) CONTINUING ELIGIBILITY.—Any teacher
21 who performs service in a school which—

22 “(A) meets the requirements of paragraph
23 (3) in any year during such service; and

24 “(B) in a subsequent year fails to meet the
25 requirements of such subsection,

1 may continue to teach in such school and shall be
 2 eligible for loan cancellation pursuant to this sub-
 3 section with respect to such subsequent years.”.

4 **SEC. 428. DEBT MANAGEMENT OPTIONS.**

5 Section 437A (20 U.S.C. 1087–O) is repealed.

6 **SEC. 429. SPECIAL ALLOWANCES.**

7 (a) COMPUTATION.—Section 438(b)(2) (20 U.S.C.
 8 1087–1(b)(2)) is amended—

9 (1) in subparagraph (A), by striking “(E), and
 10 (F)” and inserting “and (E)”; and

11 (2) in subparagraph (B)(iv), by striking “, (E),
 12 or (F)” and inserting “or (E)”.

13 (b) ORIGINATION FEES.—Section 438(c) is amend-
 14 ed—

15 (1) in paragraph (2)—

16 (A) by striking “(other than” and inserting
 17 “(including loans made under section 428H,
 18 but excluding”; and

19 (B) by adding at the end the following new
 20 sentence: “Except as provided in paragraph (8),
 21 a lender is not authorized to assess an origina-
 22 tion fee under this paragraph unless the lender
 23 assesses the same fee to all student borrow-
 24 ers.”; and

1 (2) by adding at the end the following new
2 paragraph:

3 “(8) EXCEPTION.—Notwithstanding paragraph
4 (2), a lender may assess a lesser origination fee for
5 a borrower demonstrating greater financial need as
6 determined by such borrower’s adjusted gross family
7 income.”.

8 (c) LENDING FROM PROCEEDS OF TAX EXEMPT OB-
9 LIGATIONS.—Section 438 is amended—

10 (1) by striking subsection (e); and

11 (2) by redesignating subsection (f) as sub-
12 section (e).

13 (d) STUDY.—Section 438 is amended by adding at
14 the end the following new subsection:

15 “(f) STUDY.—The Comptroller General shall conduct
16 a statistical analysis of the subsidized and unsubsidized
17 student loan programs under part B to gather data on
18 lenders’ policies on charging origination fees and to deter-
19 mine if there are any anomalies that would indicate any
20 institutional, programmatic, or socioeconomic discrimina-
21 tion in the assessing or waiving of such fees. The Comp-
22 troller General shall report to the appropriate committees
23 of Congress within two years after the date of enactment
24 of the Higher Education Amendments of 1998.”.

1 **SEC. 430. LOAN FORGIVENESS FOR CHILD CARE PROVID-**
 2 **ERS.**

3 (a) PURPOSE.—It is the purpose of this section—

4 (1) to bring more highly trained individuals into
 5 the early child care profession; and

6 (2) to keep more highly trained child care pro-
 7 viders in the early child care field for longer periods
 8 of time.

9 (b) LOAN FORGIVENESS FOR CHILD CARE PROVID-
 10 ERS.—Part B (20 U.S.C. 1071 et seq.) is amended by in-
 11 serting after section 428J (as added by section 432) (20
 12 U.S.C. 1078–10) the following:

13 **“SEC. 428K. LOAN FORGIVENESS FOR CHILD CARE PROVID-**
 14 **ERS.**

15 “(a) DEFINITIONS.—In this section:

16 “(1) CHILD CARE FACILITY.—The term ‘child
 17 care facility’ means a facility, including a home,
 18 that—

19 “(A) provides child care services; and

20 “(B) meets applicable State or local gov-
 21 ernment licensing, certification, approval, or
 22 registration requirements, if any.

23 “(2) CHILD CARE SERVICES.—The term ‘child
 24 care services’ means activities and services provided
 25 for the education and care of children from birth

1 through age 5 by an individual who has a degree in
2 early childhood education.

3 “(3) DEGREE.—The term ‘degree’ means an as-
4 sociate’s or bachelor’s degree awarded by an institu-
5 tion of higher education.

6 “(4) EARLY CHILDHOOD EDUCATION.—The
7 term ‘early childhood education’ means education in
8 the areas of early child education, child care, or any
9 other educational area related to child care that the
10 Secretary determines appropriate.

11 “(b) DEMONSTRATION PROGRAM.—

12 “(1) IN GENERAL.—The Secretary may carry
13 out a demonstration program of assuming the obli-
14 gation to repay, pursuant to subsection (c), a loan
15 made, insured or guaranteed under this part or part
16 D (excluding loans made under sections 428B and
17 428C) for any new borrower after the date of enact-
18 ment of the Higher Education Amendments of 1998,
19 who—

20 “(A) completes a degree in early childhood
21 education; and

22 “(B) obtains employment in a child care
23 facility.

24 “(2) AWARD BASIS; PRIORITY.—

1 “(A) AWARD BASIS.—Subject to subpara-
2 graph (B), loan repayment under this section
3 shall be on a first-come, first-served basis and
4 subject to the availability of appropriations.

5 “(B) PRIORITY.—The Secretary shall give
6 priority in providing loan repayment under this
7 section for a fiscal year to student borrowers
8 who received loan repayment under this section
9 for the preceding fiscal year.

10 “(3) REGULATIONS.—The Secretary is author-
11 ized to prescribe such regulations as may be nec-
12 essary to carry out the provisions of this section.

13 “(c) LOAN REPAYMENT.—

14 “(1) IN GENERAL.—The Secretary shall assume
15 the obligation to repay—

16 “(A) after the second year of employment
17 described in subparagraphs (B) and (C) of sub-
18 section (b)(1), 20 percent of the total amount
19 of all loans made after date of enactment of the
20 Higher Education Amendments of 1998, to a
21 student under this part or part D;

22 “(B) after the third year of such employ-
23 ment, 20 percent of the total amount of all such
24 loans; and

1 “(C) after each of the fourth and fifth
2 years of such employment, 30 percent of the
3 total amount of all such loans.

4 “(2) CONSTRUCTION.—Nothing in this section
5 shall be construed to authorize the refunding of any
6 repayment of a loan made under this part or part
7 D.

8 “(3) INTEREST.—If a portion of a loan is re-
9 paid by the Secretary under this section for any
10 year, the proportionate amount of interest on such
11 loan which accrues for such year shall be repaid by
12 the Secretary.

13 “(4) SPECIAL RULE.—In the case where a stu-
14 dent borrower who is not participating in loan repay-
15 ment pursuant to this section returns to an institu-
16 tion of higher education after graduation from an in-
17 stitution of higher education for the purpose of ob-
18 taining a degree in early childhood education, the
19 Secretary is authorized to assume the obligation to
20 repay the total amount of loans made under this
21 part or part D incurred for a maximum of two aca-
22 demic years in returning to an institution of higher
23 education for the purpose of obtaining a degree in
24 early childhood education. Such loans shall only be
25 repaid for borrowers who qualify for loan repayment

1 pursuant to the provisions of this section, and shall
2 be repaid in accordance with the provisions of para-
3 graph (1).

4 “(5) INELIGIBILITY OF NATIONAL SERVICE
5 AWARD RECIPIENTS.—No student borrower may, for
6 the same volunteer service, receive a benefit under
7 both this section and subtitle D of title I of the Na-
8 tional and Community Service Act of 1990 (42
9 U.S.C. 12601 et seq.).

10 “(d) REPAYMENT TO ELIGIBLE LENDERS.—The Sec-
11 retary shall pay to each eligible lender or holder for each
12 fiscal year an amount equal to the aggregate amount of
13 loans which are subject to repayment pursuant to this sec-
14 tion for such year.

15 “(e) APPLICATION FOR REPAYMENT.—

16 “(1) IN GENERAL.—Each eligible individual de-
17 siring loan repayment under this section shall sub-
18 mit a complete and accurate application to the Sec-
19 retary at such time, in such manner, and containing
20 such information as the Secretary may require.

21 “(2) CONDITIONS.—An eligible individual may
22 apply for loan repayment under this section after
23 completing each year of qualifying employment. The
24 borrower shall receive forbearance while engaged in

1 qualifying employment unless the borrower is in
2 deferment while so engaged.

3 “(f) EVALUATION.—

4 “(1) IN GENERAL.—The Secretary shall con-
5 duct, by grant or contract, an independent national
6 evaluation of the impact of the demonstration pro-
7 gram assisted under this section on the field of early
8 childhood education.

9 “(2) COMPETITIVE BASIS.—The grant or con-
10 tract described in subsection (a) shall be awarded on
11 a competitive basis.

12 “(3) CONTENTS.—The evaluation described in
13 this subsection shall—

14 “(A) determine the number of individuals
15 who were encouraged by the demonstration pro-
16 gram assisted under this section to pursue early
17 childhood education;

18 “(B) determine the number of individuals
19 who remain employed in a child care facility as
20 a result of participation in the program;

21 “(C) identify the barriers to the effective-
22 ness of the program;

23 “(D) assess the cost-effectiveness of the
24 program in improving the quality of—

25 “(i) early childhood education; and

1 “(ii) child care services;

2 “(E) identify the reasons why participants
3 in the program have chosen to take part in the
4 program;

5 “(F) identify the number of individuals
6 participating in the program who received an
7 associate’s degree and the number of such indi-
8 viduals who received a bachelor’s degree; and

9 “(G) identify the number of years each in-
10 dividual participates in the program.

11 “(4) INTERIM AND FINAL EVALUATION RE-
12 PORTS.—The Secretary shall prepare and submit to
13 the President and the Congress such interim reports
14 regarding the evaluation described in this subsection
15 as the Secretary deems appropriate, and shall pre-
16 pare and so submit a final report regarding the eval-
17 uation by January 1, 2002.

18 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
19 are authorized to be appropriated to carry out this section
20 \$10,000,000 for fiscal year 1999, and such sums as may
21 be necessary for each of the 4 succeeding fiscal years.”.

22 **PART C—FEDERAL WORK-STUDY PROGRAMS**

23 **SEC. 435. AMENDMENTS TO PART C.**

24 (a) EXTENSION OF AUTHORITY; DEFINITION.—

1 (1) ELIGIBLE STUDENTS.—Section 441(a) (20
2 U.S.C. 2751(a)) is amended by inserting after “pro-
3 fessional students” the following: “, including stu-
4 dents participating in an internship or practicum, or
5 as a research assistant, as determined by the Sec-
6 retary,”.

7 (2) EXTENSION OF AUTHORITY.—Section
8 441(b) is amended by striking “\$800,000,000 for
9 fiscal year 1993” and inserting “\$1,000,000,000 for
10 fiscal year 1999”.

11 (3) DEFINITION OF COMMUNITY SERVICE.—
12 Section 441(c) is amended by striking “which are”
13 and inserting “that are performed off-campus or on-
14 campus and that are”.

15 (b) ALLOCATION OF FUNDS.—Section 442 (42
16 U.S.C. 2752) is amended—

17 (1) by striking subsection (b);

18 (2) in subsection (c)(1), by striking “three-
19 quarters of the remainder” and inserting “the re-
20 mainder”;

21 (3) in subsection (c)(2)(A)(i), by striking “sub-
22 section (d)” and inserting “subsection (c)”;

23 (4) in subsection (e)(1), by striking “subsection
24 (c)” and inserting “subsection (b)”;

1 (5) by redesignating subsections (c), (d), (e),
2 and (f) as subsections (b), (c), (d), and (e), respec-
3 tively.

4 (c) TUTORING AND LITERACY ACTIVITIES.—

5 Section 443 of the Higher Education Act of 1965 (42
6 U.S.C. 2753) is amended—

7 (1) in subsection (b)(2)—

8 (A) by striking “and” at the end of sub-
9 paragraph (A);

10 (B) by redesignating subparagraph (B) as
11 subparagraph (C); and

12 (C) by inserting after subparagraph (A)
13 the following new subparagraph:

14 “(B) in academic year 1999 and succeed-
15 ing academic years, an institution shall use at
16 least 2 percent of the total amount of funds
17 granted to such institution under this section
18 for such academic year in accordance with sub-
19 section (d); and”;

20 (2) by adding at the end the following new sub-
21 section:

22 “(d) TUTORING AND LITERACY ACTIVITIES.—

23 “(1) USE OF FUNDS.—In any academic year to
24 which subsection (b)(2)(B) applies, an institution
25 shall use the amount required to be used in accord-

1 ance with this subsection to compensate (including
2 compensation for time spent in directly related train-
3 ing and travel) students—

4 “(A) employed as a reading tutor for chil-
5 dren who are in preschool through elementary
6 school; or

7 “(B) employed in family literacy projects.

8 “(2) PRIORITY FOR SCHOOLS.—An institution
9 shall—

10 “(A) give priority, in using such funds, to
11 the employment of students in the provision of
12 tutoring services in schools that—

13 “(i) are identified for school improve-
14 ment under section 1116(c) of the Elemen-
15 tary and Secondary Education Act of
16 1965; or

17 “(ii) are selected by a local edu-
18 cational agency under section 15104(a)(2)
19 of such Act; and

20 “(B) ensure that any student compensated
21 with such funds who is employed in a school se-
22 lected under section 15104(a)(2) of the Ele-
23 mentary and Secondary Education Act of 1965
24 is trained in the instructional practices based

1 on reliable, replicable research on reading used
2 by the school pursuant to such section 15104.

3 “(3) FEDERAL SHARE.—The Federal share of
4 the compensation of work study students com-
5 pensated under this subsection may exceed 75 per-
6 cent.

7 “(4) WAIVER.—The Secretary may waive the
8 requirements of this subsection if the Secretary de-
9 termines that enforcing such requirements would
10 cause a hardship for students at the institution.

11 “(5) RETURN OF FUNDS.—Any institution that
12 does not use the amount required under this sub-
13 section, and that does not request and receive a
14 waiver from the Secretary under paragraph (4),
15 shall return to the Secretary, at such time as the
16 Secretary may require for reallocation under para-
17 graph (6), any balance of such amount that is not
18 used as so required.

19 “(6) REALLOCATION.—The Secretary shall
20 reallot any amounts returned pursuant to paragraph
21 (5) among institutions that used at least 4 percent
22 of the total amount of funds granted to such institu-
23 tion under this section to compensate students em-
24 ployed in tutoring and literacy activities in the pre-
25 ceding academic year. Such funds shall be reallotted

1 among such institutions on the same basis as excess
2 eligible amounts are allocated to institutions pursu-
3 ant to section 442(c). Funds received by institutions
4 pursuant to this paragraph shall be used in the
5 same manner as amounts required to be used in ac-
6 cordance with this subsection.”.

7 (d) GRANT REQUIREMENTS.—

8 (1) COMMUNITY SERVICE.—Section
9 443(b)(2)(A) (42 U.S.C. 2753(b)(2)(A)) is amend-
10 ed—

11 (A) by striking “in fiscal year 1994 and
12 succeeding fiscal years,”; and

13 (B) by inserting “(including time spent in
14 travel or training, or both, directly related to
15 such community service)” after “community
16 service”.

17 (2) USE OF FUNDS FOR INDEPENDENT
18 AND LESS-THAN-FULL-TIME STUDENTS.—Section
19 443(b)(3) (42 U.S.C. 2753(b)(3)) is amended to
20 read as follows:

21 “(3) provide that in the selection of students
22 for employment under such work-study program,
23 only students, who demonstrate financial need in ac-
24 cordance with part F of this title, and who meet the
25 requirements of section 484 will be assisted, except

1 that if the institution’s grant under this part is di-
2 rectly or indirectly based in part on the financial
3 need demonstrated by students who are (A) attend-
4 ing the institution less than full time, or (B) inde-
5 pendent students, then grant funds shall be made
6 available to such less than full-time and independent
7 students;”.

8 (3) AVAILABILITY OF EMPLOYMENT.—Section
9 443(b)(6) is amended by striking everything after
10 “in need thereof” and inserting a semicolon.

11 (4) ACADEMIC RELEVANCE.—Section 443(c)(4)
12 is amended by inserting before the semicolon at the
13 end the following: “, to the maximum extent prac-
14 ticable”.

15 (e) FLEXIBLE USE OF FUNDS.—Section 445(b) (42
16 U.S.C. 2755(b)) is amended by adding at the end the fol-
17 lowing new paragraph:

18 “(3) An eligible institution may, with the permission
19 of a student, make payments to the student under this
20 part by crediting the student’s account at the institution
21 or by making a direct deposit to the student’s account at
22 a depository institution. An eligible institution may only
23 credit the student’s account at the institution for (A) tui-
24 tion and fees, (B) in the case of institutionally owned

1 housing, room and board, and (C) other institutionally
2 provided goods and services.”.

3 (f) JOB LOCATION AND DEVELOPMENT PRO-
4 GRAMS.—Section 446 (42 U.S.C. 2756) is amended—

5 (1) in subsection (a)(1)—

6 (A) by striking “\$50,000” and inserting
7 “\$60,000”; and

8 (B) by striking “community service jobs,
9 for currently enrolled students” and inserting
10 “community service jobs and cooperative edu-
11 cation jobs, for currently enrolled students, in-
12 cluding students participating in work-study
13 programs under this part”; and

14 (2) in subsection (b)—

15 (A) by redesignating paragraphs (4)
16 through (6) as paragraphs (5) through (7); and

17 (B) by inserting after paragraph (3) the
18 following new paragraph:

19 “(4) provide that the institution will notify the
20 Secretary if the institution will use funds under this
21 section to develop cooperative education jobs and will
22 provide assurances that—

23 “(A) the funds provided under this para-
24 graph will supplement and not supplant any co-

1 operative education funds available to the insti-
2 tution;

3 “(B) in the case of 2-year programs, funds
4 will be used to develop and expand cooperative
5 education, jobs for associate degree or certifi-
6 cate students only;

7 “(C) the work portion of a cooperative edu-
8 cation job developed or expanded under this
9 paragraph will be related to a student’s aca-
10 demic program; and

11 “(D) the institution will furnish the Sec-
12 retary a report on cooperative education jobs
13 expanded and developed under this paragraph,
14 including—

15 “(i) how the funds were used;

16 “(ii) a list of employers and whether
17 the employer is a for-profit or not-for-prof-
18 it entity; and

19 “(iii) the employers’ role in the coop-
20 erative education job.”.

21 (g) WORK COLLEGES EXTENSION OF AUTHORITY.—
22 Section 448(f) (42 U.S.C. 2756b(f)) is amended by strik-
23 ing “1993” and inserting “1999”.

1 **PART D—WILLIAM D. FORD FEDERAL DIRECT**

2 **LOAN PROGRAM**

3 **SEC. 436. SELECTION OF INSTITUTIONS.**

4 (a) GENERAL AUTHORITY.—Section 453(a) (20
5 U.S.C. 1087c(a)) is amended—

6 (1) by striking “PHASE-IN” and everything that
7 follows through “GENERAL AUTHORITY.—” and in-
8 serting “GENERAL AUTHORITY.—”; and

9 (2) by striking paragraphs (2), (3), and (4).

10 (b) SELECTION CRITERIA.—Section 453(b)(2) is
11 amended by striking “prescribe,” and everything that fol-
12 lows through the end of subparagraph (B) and inserting
13 “prescribe.”.

14 (c) ORIGINATION.—Section 453(c) is amended—

15 (1) in paragraph (2)—

16 (A) in the heading, by striking “TRANSI-
17 TION SELECTION CRITERIA” and inserting “SE-
18 LECTION CRITERIA”;

19 (B) by striking “For academic year 1994–
20 1995, the Secretary” and inserting “The Sec-
21 retary”;

22 (C) by striking subparagraph (A); and

23 (D) in subparagraph (E), by striking ev-
24 erything after “deficiencies” and inserting a
25 semicolon; and

1 (E) by redesignating subparagraphs (B)
 2 through (H) as subparagraphs (A) through (G);
 3 and

4 (2) in paragraph (3)—

5 (A) in the heading, by striking “AFTER
 6 TRANSITION”; and

7 (B) by striking “For academic year 1995–
 8 1996 and subsequent academic years, the Sec-
 9 retary” and inserting “The Secretary”.

10 **SEC. 437. TERMS AND CONDITIONS.**

11 (a) INTEREST RATES.—

12 (1) AMENDMENT.—Section 455(b) (20 U.S.C.
 13 1087e(b)) is amended to read as follows:

14 “(b) INTEREST RATE.—

15 “(1) RATES FOR FDSL AND FDUSL.—For Fed-
 16 eral Direct Stafford Loans and Federal Direct Un-
 17 subsidized Stafford Loans for which the first dis-
 18 bursement is made on or after July 1, 1998, the ap-
 19 plicable rate of interest shall, during any 12-month
 20 period beginning on July 1 and ending on June 30,
 21 be determined on the preceding June 1 and be equal
 22 to—

23 “(A) the bond equivalent rate of 91-day
 24 Treasury bills auctioned at the final auction
 25 held prior to such June 1; plus

1 “(B) 2.3 percent,
2 except that such rate shall not exceed 8.25 percent.

3 “(2) IN SCHOOL AND GRACE PERIOD RULES.—
4 With respect to any Federal Direct Stafford Loan or
5 Federal Direct Unsubsidized Stafford Loan for
6 which the first disbursement is made on or after
7 July 1, 1995, the applicable rate of interest for in-
8 terest which accrues—

9 “(A) prior to the beginning of the repay-
10 ment period of the loan; or

11 “(B) during the period in which principal
12 need not be paid (whether or not such principal
13 is in fact paid) by reason of a provision de-
14 scribed in section 428(b)(1)(M) or
15 427(a)(2)(C),
16 shall be determined under paragraph (1) by sub-
17 stituting ‘1.7 percent’ for ‘2.3 percent’.

18 “(3) PLUS LOANS.—With respect to Federal
19 Direct PLUS Loan for which the first disbursement
20 is made on or after July 1, 1998, the applicable rate
21 of interest shall be determined under paragraph
22 (1)—

23 “(A) by substituting ‘3.1 percent’ for ‘2.3
24 percent’; and

1 “(B) by substituting ‘9.0 percent’ for ‘8.25
2 percent’.

3 “(4) CONSOLIDATION LOANS.—Any Federal Di-
4 rect Consolidation loan for which the application is
5 received on or after October 1, 1998, shall bear in-
6 terest at an annual rate on the unpaid principal bal-
7 ance of the loan that is equal to the lesser of—

8 “(i) the weighted average of the interest
9 rates on the loans consolidated, rounded to the
10 nearest higher one-eighth of one percent; or

11 “(ii) 8.25 percent.

12 “(5) REPAYMENT INCENTIVES.—Notwithstand-
13 ing any other provision of this part, the Secretary is
14 authorized to prescribe in regulation such reductions
15 in the interest rate paid by a borrower of a loan
16 made under this part as the Secretary determines
17 appropriate to encourage on-time repayment. Such
18 reductions may be offered only if the Secretary de-
19 termines they are both cost neutral and in the best
20 financial interest of the Federal Government. Any
21 increase in subsidy costs resulting from such reduc-
22 tions must be completely offset by corresponding
23 savings in funds available for the Direct Loan Pro-
24 gram in that fiscal year from section 458 and other
25 administrative accounts.

1 “(6) PUBLICATION.—The Secretary shall deter-
2 mine the applicable rates of interest under this sub-
3 section after consultation with the Secretary of the
4 Treasury and shall publish such rate in the Federal
5 Register as soon as practicable after the date of de-
6 termination.”.

7 (2) EFFECTIVE DATE.—Except as otherwise
8 provided therein, the amendments made by this sec-
9 tion shall apply with respect to any loan made under
10 part D of title IV of the Higher Education Act of
11 1965 for which the first disbursement is made on or
12 after July 1, 1998.

13 (b) CONSOLIDATION LOANS.—The first sentence of
14 section 455(g) is amended by striking everything after
15 “section 428C(a)(4)” and inserting a period.

16 **SEC. 438. CONTRACTS.**

17 Section 456(b) (20 U.S.C. 1087f(b)) is amended—

18 (1) by inserting “and” after the semicolon at
19 the end of paragraph (3);

20 (2) by striking paragraph (4); and

21 (3) by redesignating paragraph (5) as para-
22 graph (4).

23 **SEC. 439. FUNDS FOR ADMINISTRATIVE EXPENSES.**

24 Section 458 (20 U.S.C. 1087h) is amended—

1 (1) in subsection (a)(1), by striking subpara-
2 graph (B) and everything that follows and inserting
3 the following:

4 “(B) account maintenance fees payable to
5 guaranty agencies under part B and calculated
6 in accordance with paragraph (2),
7 not to exceed (from such funds not otherwise appro-
8 priated) \$626,000,000 in fiscal year 1999,
9 \$726,000,000 in fiscal year 2000, \$770,000,000 in
10 fiscal year 2001, \$780,000,000 in fiscal year 2002,
11 and \$795,000,000 in fiscal year 2003. Account
12 maintenance fees under subparagraph (B) of this
13 paragraph shall be paid quarterly and deposited in
14 the Operating Fund established under 422B. The
15 Secretary may carry over funds available under this
16 section to a subsequent fiscal year.”;

17 (2) by striking paragraph (2) of subsection (a)
18 and inserting the following:

19 “(2) CALCULATION BASIS.—Account mainte-
20 nance fees payable to guaranty agencies under para-
21 graph (1)(B) shall be calculated for fiscal year 1999
22 and fiscal year 2000, on the basis of 0.12 percent
23 of the original principal amount of outstanding loans
24 on which insurance was issued under part B, and for
25 fiscal years 2001 and succeeding fiscal years, shall

1 be calculated on the basis of 0.10 percent of the
2 original principal amount of outstanding loans on
3 which insurance was issued under part B.”; and

4 (3) by striking subsection (d).

5 **SEC. 440. AUTHORITY TO SELL LOANS.**

6 Part D of title IV (20 U.S.C. 1087a et seq.) is
7 amended by adding at the end the following new section:

8 **“SEC. 459. AUTHORITY TO SELL LOANS.**

9 “The Secretary, in consultation with the Secretary of
10 the Treasury, is authorized to sell loans made under this
11 part on such terms as the Secretary determines are in the
12 best interest of the United States, except that any such
13 sale shall not result in any cost to the Federal Govern-
14 ment. Notwithstanding any other provision of law, the pro-
15 ceeds of any such sale may be used by the Secretary to
16 offer reductions in the interest rate paid by a borrower
17 of a loan made under this part as the Secretary deter-
18 mines appropriate to encourage on-time repayment. Such
19 reductions may be offered only if the Secretary determines
20 they are in the best financial interests of the Federal Gov-
21 ernment.”.

1 **SEC. 441. CANCELLATION OF LOANS FOR CERTAIN PUBLIC**
2 **SERVICE.**

3 Part D of title IV is amended by inserting after sec-
4 tion 459, as added by section 440, the following new sec-
5 tion:

6 **“SEC. 459A. CANCELLATION OF LOANS FOR CERTAIN PUB-**
7 **LIC SERVICE.**

8 “(a) CANCELLATION OF PERCENTAGE OF DEBT
9 BASED ON YEARS OF QUALIFYING SERVICE.—

10 “(1) FUNCTIONS OF SECRETARY.—The percent
11 specified in paragraph (4) of the total amount of
12 any qualifying loan shall be canceled for each com-
13 plete year of service by the borrower described in
14 paragraph (3).

15 “(2) QUALIFYING LOANS.—

16 “(A) IN GENERAL.—For purposes of this
17 subsection, a loan is a qualifying loan if—

18 “(i) the loan was a Federal Direct
19 Stafford Loan made on or after the date of
20 enactment of the Higher Education
21 Amendments of 1998 to a borrower who,
22 on the date of entering into the note or
23 other written evidence of the loan, had no
24 outstanding balance of principal or interest
25 on any loan made before such date; and

1 “(ii) the loan was obtained to cover
2 the cost of instruction for an academic
3 year after the first and second year of un-
4 dergraduate education.

5 “(B) LIMITATION.—The Secretary may
6 not repay loans described in subparagraph (A)
7 to cover the costs of instruction for more than
8 two academic years, or three academic years in
9 the case of a program of instruction normally
10 requiring five years.

11 “(C) TREATMENT OF CONSOLIDATION
12 LOANS.—A Federal Direct Consolidation Loan
13 may be a qualifying loan for the purposes of
14 this subsection only to the extent that such loan
15 was used to repay a loan or loans that meet the
16 requirements of subparagraphs (A) and (B), as
17 determined in accordance with regulations pre-
18 scribed by the Secretary.

19 “(3) QUALIFYING SERVICE.—A loan shall be
20 cancelled under paragraph (1) for service by the bor-
21 rower as a full-time teacher for each complete aca-
22 demic year of service, after completion of the second
23 academic year of service, in a public or other non-
24 profit private elementary or secondary school—

1 “(A) which is in the school district of a
2 local educational agency which is eligible in
3 such year for assistance pursuant to title I of
4 the Elementary and Secondary Education Act
5 of 1965; and

6 “(B) which for the purpose of this para-
7 graph and for that year has been determined by
8 the State educational agency of the State in
9 which the school is located to be a school in
10 which the enrollment of children counted under
11 section 1124(c) of the Elementary and Second-
12 ary Education Act of 1965 exceeds 30 percent
13 of the total enrollment of that school.

14 “(4) PERCENTAGE OF CANCELLATION.—(A)
15 The percent of a loan which shall be canceled under
16 paragraph (1) of this subsection is at the rate of—

17 “(i) 30 percent for the first or second com-
18 plete academic year of qualifying service as de-
19 scribed in paragraph (3) (after completion of
20 two years of service); and

21 “(ii) 40 percent for the third complete year
22 of such qualifying service.

23 “(B) The total amount that may be canceled
24 under this subsection for any borrower shall not ex-
25 ceed \$17,750.

1 “(C) If a portion of a loan is canceled under
2 this subsection for any year, the entire amount of in-
3 terest on such loan which accrues for such year shall
4 be canceled.

5 “(D) Nothing in this section shall be construed
6 to authorize refunding of any repayment of a loan.

7 “(5) LIMITATION ON TEACHER ELIGIBILITY.—

8 “(A) SECONDARY SCHOOL TEACHERS.—A
9 borrower may not receive assistance under this
10 subsection by virtue of teaching in a secondary
11 school unless such borrower majored in the sub-
12 ject area in which they are teaching.

13 “(B) ELEMENTARY SCHOOL TEACHERS.—

14 A borrower may not receive assistance under
15 this subsection by virtue of teaching in a ele-
16 mentary school unless such borrower dem-
17 onstrates, in accordance with State teacher cer-
18 tification or licensing requirements, subject
19 matter knowledge and teaching skills in read-
20 ing, writing, mathematics, and other subjects
21 taught in elementary schools.

22 “(6) DEFINITION.—For the purpose of this sec-
23 tion, the term ‘year’ where applied to service as a
24 teacher means an academic year as defined by the
25 Secretary.

1 “(7) PREVENTION OF DOUBLE BENEFITS.—No
 2 borrower may, for the same volunteer service, receive
 3 a benefit under both this section and subtitle D of
 4 title I of the National and Community Service Act
 5 of 1990 (42 U.S.C. 12571 et seq.).

6 “(b) SPECIAL RULES.—

7 “(1) LIST.—If the list of schools in which a
 8 teacher may perform service pursuant to subsection
 9 (a)(3) is not available before May 1 of any year, the
 10 Secretary may use the list for the year preceding the
 11 year for which the determination is made to make
 12 such service determination.

13 “(2) CONTINUING ELIGIBILITY.—Any teacher
 14 who performs service in a school which—

15 “(A) meets the requirements of subsection
 16 (a)(3) in any year during such service; and

17 “(B) in a subsequent year fails to meet the
 18 requirements of such subsection,

19 may continue to teach in such school and shall be
 20 eligible for loan cancellation pursuant to subsection
 21 (a)(1) with respect to such subsequent years.”.

22 **PART E—FEDERAL PERKINS LOANS**

23 **SEC. 445. AMENDMENTS TO PART E.**

24 (a) EXTENSION OF AUTHORITY.—Section 461(b) (20
 25 U.S.C. 1087aa(b)) is amended—

1 (1) in paragraph (1), by striking “1993” and
2 inserting “1999”; and

3 (2) in paragraph (2), by striking “1997” each
4 place it appears and inserting “2003”.

5 (b) ALLOCATION OF FUNDS.—Section 462 (20
6 U.S.C. 1087bb) is amended—

7 (1) by striking subsection (b);

8 (2) in subsection (c)(1), by striking “three-
9 quarters of the remainder” and inserting “the re-
10 mainder”;

11 (3) in subsection (c)(2), by striking “subsection
12 (g)” and inserting “subsection (f)”;

13 (4) in subsection (c)(3)—

14 (A) by striking “subsection (d)” and in-
15 serting “subsection (c)”;

16 (B) by striking “subsection (f)” and in-
17 serting “subsection (e)”;

18 (C) by striking “subsection (g)” and in-
19 serting “subsection (f)”;

20 (5) in subsection (f)(1), by striking “subsection
21 (g)” and inserting “subsection (f)”;

22 (6) in subsection (j)(2)—

23 (A) by striking “subsection (c)” and in-
24 serting “subsection (b)”;

1 (B) by striking “subsection (c) of section
2 462” and inserting “subsection (b)”; and
3 (7) by redesignating subsections (c) through (j)
4 as subsections (b) through (i), respectively.

5 (c) DEFAULT REDUCTION PENALTIES.—Section
6 462(e)(2)(A) (as redesignated by subsection (b)(7) of this
7 section) is amended by inserting before the semicolon at
8 the end the following: “, except that a plan shall not be
9 required with respect to any such institution that has a
10 default rate of less than 20 percent and has less than 100
11 students who have loans under this part in any academic
12 year”.

13 (d) DEFINITIONS FOR DEFAULT RATE CALCULA-
14 TIONS.—Section 462(g) (as redesignated by subsection
15 (b)(7) of this section) is amended by adding at the end
16 the following new paragraph:

17 “(5) For the purpose of this subsection, the term
18 ‘satisfactory arrangements to resume payment’ includes—

19 “(A) receipt of voluntary monthly payments for
20 three consecutive months after the time periods
21 specified in paragraph (4);

22 “(B) receipt of voluntary payments sufficient to
23 bring the loan current prior to the calculation being
24 made for any award year under paragraph (3);

1 “(C) obtaining any deferment, postponement,
2 rehabilitation, forbearance, or cancellation of the
3 loan after the time periods specified in paragraph
4 (4), but prior to the calculation being made for any
5 award year under paragraph (3);

6 “(D) receipt of the full amount due on the loan
7 after the time periods specified in paragraph (4),
8 but prior to the calculation being made for any
9 award year under paragraph (3); or

10 “(E) any other arrangements to resume pay-
11 ment which the Secretary determines to be satisfac-
12 tory.”.

13 (e) REPORTS TO CREDIT BUREAUS OF PAYMENT RE-
14 SUMPTIONS.—Section 463(c) (20 U.S.C. 1087cc(c)) is
15 amended by adding at the end the following new para-
16 graph:

17 “(5) Each institution of higher education shall notify
18 the appropriate credit bureau organizations whenever a
19 borrower of a loan that is made and held by the institution
20 and that is in default makes 12 consecutive monthly pay-
21 ments on such loan, for the purpose of encouraging such
22 organizations to update the status of information main-
23 tained with respect to that borrower.”.

1 (f) INCENTIVE REPAYMENT PROGRAMS.—Section
2 463 is amended by adding at the end the following new
3 subsection:

4 “(f) INCENTIVE REPAYMENT PROGRAMS.—

5 “(1) PROGRAM AUTHORIZED.—Any institution
6 of higher education participating in the program
7 under this part may establish, with the approval of
8 the Secretary, an incentive repayment program de-
9 signed to reduce defaults on loans under this part
10 and to assist in replenishing the student loan fund
11 established under this part.

12 “(2) CONTENTS OF PROGRAM.—An incentive
13 repayment program under this part may contain
14 provisions that—

15 “(A) offer a reduction in the interest rate
16 on a loan on which the borrower has made 48
17 consecutive monthly payments, but in no event
18 may the interest rate be reduced by more than
19 one percent;

20 “(B) provide for a discount on the balance
21 owed on a loan on which the borrower pays the
22 principal and interest in full prior to the end of
23 the applicable repayment period, but in no
24 event shall such discount exceed 5 percent of

1 the unpaid principal balance due on the loan at
 2 the time the early repayment is made; and

3 “(C) include such other incentive repay-
 4 ment options as the institution determines, with
 5 the approval of the Secretary, will carry out the
 6 objectives of this subsection.

7 “(3) NO NET COST TO THE GOVERNMENT.—No
 8 incentive option contained in a program authorized
 9 by this subsection may be charged to the Federal
 10 Government.”.

11 (g) TERMS OF LOANS.—

12 (1) AGGREGATE AMOUNT.—Section
 13 464(a)(2)(B) (20 U.S.C. 1087dd(a)(2)(B)) is
 14 amended by striking “the aggregate of the loans for
 15 all years” and inserting “the aggregate unpaid prin-
 16 cipal amount for all loans”.

17 (2) ALLOCATION TO LESS-THAN-FULL-TIME
 18 STUDENTS.—Section 464(b) is amended—

19 (A) by striking “(1)”; and

20 (B) by striking paragraph (2).

21 (3) QUALIFICATION FOR DEFERMENTS.—Sec-
 22 tion 464(c)(2) is amended by adding at the end the
 23 following new subparagraph:

24 “(C) An individual with an outstanding loan balance
 25 who meets the eligibility criteria for a deferment described

1 in subparagraph (A) as in effect on the date of enactment
2 of this subparagraph shall be eligible for deferment under
3 this paragraph notwithstanding any contrary provision of
4 the promissory note under which the loan or loans were
5 made, and notwithstanding any amendment (or effective
6 date provision relating to any amendment) to this section
7 made prior to the date of such deferment.”.

8 (4) CLERICAL AMENDMENT.—The matter fol-
9 lowing clause (iv) of section 464(c)(2)(A) is amend-
10 ed by striking “subparagraph (B)” and inserting
11 “subparagraph (A) of paragraph (1)”.

12 (h) REHABILITATION AND DISCHARGE OF LOANS.—
13 Section 464 is further amended by adding at the end the
14 following new subsections:

15 “(g) REHABILITATION OF LOANS.—(1)(A) If the bor-
16 rower of a loan made under this part who has defaulted
17 on the loan makes 12 on-time, consecutive, monthly pay-
18 ments of amounts owed on the loan, the loan shall be con-
19 sidered rehabilitated, and the institution that made the
20 loan (or the Secretary, in the case of a loan held by the
21 Secretary) shall instruct any credit reporting organization
22 to which the default was reported to remove the default
23 from the borrower’s credit history.

24 “(B) As long as the borrower continues to make
25 scheduled repayments on a loan rehabilitated under this

1 paragraph, the rehabilitated loan shall be subject to the
2 same terms and conditions, and qualify for the same bene-
3 fits and privileges, as other loans made under this part.

4 “(C) The borrower of a rehabilitated loan shall not
5 be precluded by section 484 from receiving additional
6 grant, loan, or work assistance under this title (for which
7 he or she is otherwise eligible) on the basis of defaulting
8 on the loan prior to such rehabilitation.

9 “(D) A borrower may obtain the benefit of this para-
10 graph with respect to rehabilitating the loan only once.

11 “(2) If the borrower of loan made under this part
12 who has defaulted on that loan makes 6 on-time, consecu-
13 tive, monthly payments of amounts owed on such loan, the
14 borrower’s eligibility for grant, loan, or work assistance
15 under this title shall be restored. A borrower may obtain
16 the benefit of this paragraph with respect to restored eligi-
17 bility only once.

18 “(h) DISCHARGE.—

19 “(1) IN GENERAL.—If a student borrower who
20 received a loan made under this part on or after
21 January 1, 1986, is unable to complete the program
22 in which such student is enrolled due to the closure
23 of the institution, then the Secretary shall discharge
24 the borrower’s liability on the loan (including inter-
25 est and collection fees) by repaying the amount owed

1 on the loan and shall subsequently pursue any claim
2 available to such borrower against the institution
3 and its affiliates and principals, or settle the loan
4 obligation.

5 “(2) ASSIGNMENT.—A borrower whose loan has
6 been discharged pursuant to this subsection shall be
7 deemed to have assigned to the United States the
8 right to a loan refund up to the amount discharged
9 against the institution and its affiliates and prin-
10 cipals.

11 “(3) ELIGIBILITY FOR ADDITIONAL ASSIST-
12 ANCE.—The period of a student’s assistance at an
13 institution at which the student was unable to com-
14 plete a course of study due to the closing of the in-
15 stitution shall not be considered for purposes of cal-
16 culating the student’s period of eligibility for addi-
17 tional assistance under this title.

18 “(4) SPECIAL RULE.—A borrower whose loan
19 has been discharged pursuant to this subsection
20 shall not be precluded, because of that discharge,
21 from receiving additional grant, loan, or work assist-
22 ance under this title for which the borrower would
23 be otherwise eligible (but for the default on the dis-
24 charged loan). The amount discharged under this

1 subsection shall be treated the same as loans under
2 section 465(a)(5).

3 “(5) REPORTING.—The Secretary or institu-
4 tion, as the case may be, shall report to credit bu-
5 reaus with respect to loans that have been dis-
6 charged pursuant to this subsection.”.

7 (i) CANCELLATION.—Section 465 (20 U.S.C. 1087ee)
8 is amended—

9 (1) in subsection (a)—

10 (A) in paragraph (2)(C), by striking “sec-
11 tion 676(b)(9)” and inserting “section
12 635(a)(10)”;

13 (B) by striking subparagraph (H) of para-
14 graph (2) and inserting the following:

15 “(H) as a full-time nurse or medical technician
16 providing health care services;”;

17 (C) by striking the period at the end of
18 subparagraph (I) of such paragraph and insert-
19 ing a semicolon;

20 (D) by adding at the end of such para-
21 graph the following new subparagraphs:

22 “(J) as a member of the Commissioned Corps
23 of the Public Health Service of the United States;
24 or

1 “(K) as a non-physician mental health profes-
2 sional providing health care services in a health pro-
3 fessional shortage area designated under section 332
4 of the Public Health Service Act.”;

5 (E) in the last sentence of paragraph (2),
6 by striking “section 602(a)(1)” and inserting
7 “section 602(3)”;

8 (F) in paragraph (3)(A)(i), by striking
9 “(H), or (I)” and inserting “(H), (I), (J), or
10 (K)”;

11 (G) by adding at the end the following new
12 paragraph:

13 “(7) An individual with an outstanding loan obliga-
14 tion who performs service of any type that is described
15 in paragraph (2) as in effect on the date of enactment
16 of this paragraph shall be eligible for cancellation under
17 this section for such service notwithstanding any contrary
18 provision of the promissory note under which the loan or
19 loans were made, and notwithstanding any amendment (or
20 effective date provision relating to any amendment) to this
21 section made prior to the date of such service.”; and

22 (2) in subsection (b), by adding at the end the
23 following new sentence: “To the extent feasible, the
24 Secretary shall pay the amounts for which any insti-
25 tution qualifies under this subsection no later than

1 three months after the institution files an institu-
2 tional application for campus-based funds.”.

3 (j) DISTRIBUTION OF ASSETS.—Section 466 (20
4 U.S.C. 1087ff) is amended—

5 (1) by striking “1996” each place it appears
6 and inserting “2003”; and

7 (2) by striking “1997” each place it appears
8 and inserting “2004”.

9 (k) COLLECTION OF DEFAULTED LOANS.—

10 (1) REPEAL.—Subsection (c) of section 467 (20
11 U.S.C. 1087gg(c)) is repealed.

12 (2) DEPOSIT.—Any funds in the Perkins Re-
13 volving Loan Fund on the date of enactment of this
14 Act shall be deposited in the general fund of the
15 Treasury.

16 (l) STATUS CONFIRMATION REPORTS.—Section 468
17 (20 U.S.C. 1087hh) is amended—

18 (1) by inserting “(a) IN GENERAL.—” before
19 “In carrying out”; and

20 (2) by adding at the end the following new sub-
21 section:

22 “(b) STUDENT STATUS CONFIRMATION REPORTS.—
23 The Secretary shall ensure that borrowers under this part
24 are included in the student status confirmation report re-

1 quired by the Secretary in the same manner as borrowers
 2 under parts B and D of this title.”.

3 **PART F—NEED ANALYSIS**

4 **SEC. 446. COST OF ATTENDANCE.**

5 Section 472 (20 U.S.C. 1087ll) is amended—

6 (1) in paragraph (2), by inserting after “per-
 7 sonal expenses” the following: “, including a reason-
 8 able allowance for the rental or purchase of a per-
 9 sonal computer,”; and

10 (2) in paragraph (10), by striking everything
 11 after “determining costs” and inserting a semicolon.

12 **SEC. 447. DATA ELEMENTS.**

13 Section 474(b)(3) (20 U.S.C. 1087nm(b)(3)) is
 14 amended by inserting “, excluding the student’s parents,”
 15 after “family of the student”.

16 **SEC. 448. FAMILY CONTRIBUTION FOR DEPENDENT STU-**
 17 **DENTS.**

18 (a) PARENTS’ CONTRIBUTION FROM ADJUSTED
 19 AVAILABLE INCOME.—Section 475(b)(3) (20 U.S.C.
 20 1087oo(b)(3)) is amended by inserting “, excluding the
 21 student’s parents,” after “number of the family mem-
 22 bers”.

23 (b) FAMILY CONTRIBUTION FROM ASSETS.—Section
 24 475 is amended—

1 (1) in subsection (b)(1)(B), by striking “par-
2 ents’ contribution” and inserting “family contribu-
3 tion”;

4 (2) in the heading of subsection (d), by striking
5 “PARENTS’ CONTRIBUTION” and inserting “FAMILY
6 CONTRIBUTION”;

7 (3) in subsection (d)(1)—

8 (A) by striking “parents’ contribution”
9 and inserting “family contribution”; and

10 (B) by striking “parental net worth” in
11 subparagraph (A) and inserting “family net
12 worth”;

13 (4) in subsection (d)(2)—

14 (A) by striking “PARENTAL” in the head-
15 ing and inserting “FAMILY”;

16 (B) by striking “parental net worth” and
17 inserting “family net worth”; and

18 (C) by inserting “, for both the parents
19 and the dependent student” after “by adding”;

20 (5) by striking subsection (h); and

21 (6) by redesignating subsection (i) as subsection
22 (h).

23 (c) STUDENT CONTRIBUTION FROM AVAILABLE IN-
24 COME.—Section 475(g) is amended—

25 (1) in paragraph (2)—

1 (A) in subparagraph (D), by striking
2 “\$1,750; and” and inserting “\$3,000, or a suc-
3 cessor amount prescribed by the Secretary
4 under section 478;”;

5 (B) by striking the period at the end of
6 subparagraph (E) and inserting “; and”; and

7 (C) by inserting after subparagraph (E)
8 the following new subparagraph:

9 “(F) an allowance for parents’ negative
10 available income, determined in accordance with
11 paragraph (6).”; and

12 (2) by adding at the end the following new
13 paragraph:

14 “(6) ALLOWANCE FOR PARENTS’ NEGATIVE AD-
15 JUSTED AVAILABLE INCOME.—The allowance for
16 parents’ negative adjusted available income is the
17 amount, if any, by which the sum of the amounts
18 deducted under subparagraphs (A) through (F) of
19 paragraph (2) exceeds the sum of the parents’ total
20 income (as defined in section 480) and the family
21 contribution from assets (as determined in accord-
22 ance with subsection (c)).”.

23 (e) ADJUSTMENTS TO STUDENTS CONTRIBUTION
24 FOR ENROLLMENT PERIODS OTHER THAN NINE

1 MONTHS.—Section 475 is amended by adding at the end
2 the following new subsection:

3 “(i) ADJUSTMENTS TO STUDENTS CONTRIBUTION
4 FOR ENROLLMENT PERIODS OF LESS THAN NINE
5 MONTHS.—For periods of enrollment of less than nine
6 months, the student’s contribution from adjusted available
7 income (as determined under subsection (g)) is deter-
8 mined, for purposes other than subpart 2 of part A, by
9 dividing amount determined under such subsection by
10 nine, and multiplying the result by the number of months
11 in the period of enrollment.”.

12 **SEC. 449. FAMILY CONTRIBUTION FOR INDEPENDENT STU-**
13 **DENTS WITHOUT DEPENDENTS OTHER THAN**
14 **A SPOUSE.**

15 (a) ADJUSTMENTS FOR ENROLLMENT PERIODS
16 OTHER THAN NINE MONTHS.—Section 476(a) (20
17 U.S.C. 1087pp(a)) is amended—

18 (1) by striking “and” at the end of paragraph

19 (1)(B);

20 (2) by inserting “and” after the semicolon at
21 the end of paragraph (2); and

22 (3) by inserting after paragraph (2) the follow-
23 ing new paragraph:

1 “(3) for periods of enrollment of other than 9
2 months, for purposes other than subpart 2 of part
3 A—

4 “(A) dividing the quotient resulting under
5 paragraph (2) by nine; and

6 “(B) multiplying the result by the number
7 of months in the period of enrollment;”.

8 (b) CONTRIBUTION FROM AVAILABLE INCOME.—Sec-
9 tion 476(b)(1)(A)(iv) is amended—

10 (1) by striking “allowance of—” and inserting
11 “allowance of the following amount (or a successor
12 amount prescribed by the Secretary under section
13 478)—”;

14 (2) by striking “\$3,000” each place it appears
15 in subclauses (I) and (II) and inserting “\$5,500”;
16 and

17 (3) by striking “\$6,000” in subclause (III) and
18 inserting “\$8,500”.

19 **SEC. 450. FAMILY CONTRIBUTION FOR INDEPENDENT STU-**
20 **DENTS WITH DEPENDENTS OTHER THAN A**
21 **SPOUSE.**

22 Section 477(a) (20 U.S.C. 1087qq(a)) is amended—

23 (1) by striking “and” at the end of paragraph
24 (2);

1 (2) by inserting “and” after the semicolon at
2 the end of paragraph (3); and

3 (3) by inserting after paragraph (3) the follow-
4 ing new paragraph:

5 “(4) for periods of enrollment of other than 9
6 months, for purposes other than subpart 2 of part
7 A—

8 “(A) dividing the quotient resulting under
9 paragraph (3) by nine; and

10 “(B) multiplying the result by the number
11 of months in the period of enrollment;”.

12 **SEC. 451. REGULATIONS; UPDATED TABLES AND AMOUNTS.**

13 Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

14 (1) by striking “For each academic year” and
15 inserting the following:

16 “(1) REVISED TABLES.—For each academic
17 year”; and

18 (2) by adding at the end the following new
19 paragraph:

20 “(2) REVISED AMOUNTS.—For each academic
21 year after academic year 1999–2000, the Secretary
22 shall publish in the Federal Register revised income
23 protection allowances for the purpose of sections
24 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised al-
25 lowances shall be developed by increasing each of the

1 dollar amounts contained in such section by a per-
 2 centage equal to the estimated percentage increase
 3 in the Consumer Price Index (as determined by the
 4 Secretary) between December 1998 and the Decem-
 5 ber next preceding the beginning of such academic
 6 year, and rounding the result to the nearest \$10.”.

7 **SEC. 452. SIMPLIFIED NEEDS TEST; ZERO EXPECTED FAM-**
 8 **ILY CONTRIBUTION.**

9 Section 479 is amended—

10 (1) in subsection (b)(3)—

11 (A) in the matter preceding subparagraph
 12 (A), by striking “this paragraph” and inserting
 13 “this subsection, or subsection (c), as the case
 14 may be,”;

15 (B) in subparagraph (A), by striking “or”
 16 at the end thereof;

17 (C) by redesignating subparagraph (B) as
 18 subparagraph (C); and

19 (D) by inserting after subparagraph (A)
 20 the following new subparagraph:

21 “(B) a form 1040 (including any prepared
 22 or electronic version of such form) required
 23 pursuant to the Internal Revenue Code of 1986,
 24 except that such form shall be considered a
 25 qualifying form only if the student or family

1 files such form in order to take a tax credit
2 under section 25A of the Internal Revenue
3 Code of 1986, and would otherwise be eligible
4 to file a form described in subparagraph(A);
5 or”;

6 (2) in subsection (c)—

7 (A) by amending paragraph (1)(A) to read
8 as follows:

9 “(A) the student’s parents file, or are eligi-
10 ble to file, a form described in subsection
11 (b)(3), or certify that they are not required to
12 file an income tax return and the student files,
13 or is eligible to file, such a form, or certifies
14 that the student is not required to file an in-
15 come tax return; and”;

16 (B) by amending paragraph (2)(A) to read
17 as follows:

18 “(A) the student (and the student’s
19 spouse, if any) files, or is eligible to file, a form
20 described in subsection (b)(3), or certifies that
21 the student (and the student’s spouse, if any)
22 is not required to file an income tax return;
23 and”.

1 **SEC. 453. DISCRETION OF STUDENT FINANCIAL AID ADMIN-**
2 **ISTRATORS.**

3 (a) SPECIAL CIRCUMSTANCES.—Section 479A(a) (20
4 U.S.C. 1087tt(a)) is amended—

5 (1) in the first sentence, by inserting after “(or
6 both)” the following: “or, in extraordinary cir-
7 cumstances, the amount of the expected family con-
8 tribution,”; and

9 (2) by inserting after the second sentence the
10 following new sentence: “Special circumstances may
11 include tuition expenses at an elementary or second-
12 ary school, medical or dental expenses not covered
13 by insurance, unusually high child care costs, recent
14 unemployment of a family member, or other changes
15 in a family’s income or assets or a student’s status.
16 Extraordinary circumstances shall be defined by the
17 Secretary by regulation.”.

18 (b) REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-
19 CATIONS.—Section 479A is amended by striking sub-
20 section (c) and inserting the following:

21 “(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-
22 CATIONS.—On a case-by-case basis, an eligible institution
23 may refuse to certify a statement which permits a student
24 to receive a loan under part B, or refuse to make a loan
25 under part D, or may certify a loan amount or make a
26 loan that is less than the student’s determination of need

1 (as determined under this part), if the reason for the ac-
 2 tion is documented and provided in written form to the
 3 student and the student is afforded an opportunity to ap-
 4 peal the action in a timely fashion. No eligible institution
 5 shall discriminate against any borrower or applicant in ob-
 6 taining a loan on the basis of race, national origin, reli-
 7 gion, sex, marital status, age, or handicapped status.”.

8 **SEC. 454. TREATMENT OF OTHER FINANCIAL ASSISTANCE.**

9 Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amend-
 10 ed by inserting after “paragraph (1),” the following: “a
 11 post-service benefit under chapter 30 of title 38, United
 12 States Code, or”.

13 **PART G—GENERAL PROVISIONS**

14 **SEC. 461. DEFINITIONS.**

15 Section 481 (20 U.S.C. 1088), as amended by section
 16 102(b), is further amended by adding at the end the fol-
 17 lowing new subsection:

18 “(d) DISTANCE LEARNING.—For the purpose of any
 19 program under this title, the term ‘distance learning’
 20 means an educational process that is characterized by the
 21 separation, in time or place, between instructor and stu-
 22 dent. Distance learning may include courses offered prin-
 23 cipally through the use of—

1 “(1) television, audio, or computer trans-
2 mission, such as open broadcast, closed circuit,
3 cable, microwave, or satellite transmission;

4 “(2) audio or computer conferencing;

5 “(3) video cassettes or discs; or

6 “(4) correspondence.”.

7 **SEC. 462. MASTER CALENDAR.**

8 (a) **REQUIRED SCHEDULE.**—Section 482(a) (20
9 U.S.C. 1089(a)) is amended by adding at the end the fol-
10 lowing new paragraphs:

11 “(3) The Secretary shall, to the extent prac-
12 ticable, notify eligible institutions, guaranty agen-
13 cies, lenders, interested software providers, and,
14 upon request, other interested parties, by December
15 1 prior to the start of an award year of minimal
16 hardware and software requirements necessary to
17 administer programs under this title.

18 “(4) The Secretary shall attempt to conduct
19 training activities for financial aid administrators
20 and others in an expeditious and timely manner
21 prior to the start of such award year in order to en-
22 sure that all participants are informed of all admin-
23 istrative requirements.”.

24 (b) **DELAY OF EFFECTIVE DATE.**—Section 482(c) is
25 amended by striking the second sentence and inserting the

1 following: “The Secretary shall provide a period for public
2 comment of not less than 60 days after publication of any
3 notice of proposed rulemaking affecting programs under
4 this title.”.

5 **SEC. 463. FORMS AND REGULATIONS.**

6 (a) COMMON FINANCIAL AID FORM.—Section 483(a)
7 (20 U.S.C. 1090(a)) is amended—

8 (1) in paragraph (1)—

9 (A) by striking “A, C, D, and E” and in-
10 serting “A through E”;

11 (B) by striking “and to determine the need
12 of a student for the purpose of part B of this
13 title”;

14 (C) by striking the second sentence and in-
15 serting the following: “The Secretary shall in-
16 clude on the form developed under this sub-
17 section such data items as the Secretary deter-
18 mines are appropriate for inclusion, selected in
19 consultation with States to assist in the award-
20 ing of State financial assistance, except that in
21 no case shall the number of such data items be
22 less than the number included on the form on
23 the date of enactment of the Higher Education
24 Amendments of 1998.”; and

1 (D) by striking the last sentence and in-
2 serting the following: “The Secretary shall in-
3 clude, on the first page of the form, a promi-
4 nently displayed notice to students and parents
5 advising them to check with the college finan-
6 cial aid office in the event that they have un-
7 usual circumstances which may affect their eli-
8 gibility for financial aid.”;

9 (2) in paragraph (2)—

10 (A) by striking “A, C, D, and E” each
11 place it appears and inserting “A through E”;

12 (B) by striking “and the need of a student
13 for the purpose of part B of this title,”; and

14 (C) by striking “or have the student’s need
15 established for the purpose of part B of this
16 title”;

17 (3) in the first sentence of paragraph (3), by
18 inserting “processing loan applications and” after
19 “for the purposes of”; and

20 (4) by adding at the end the following new
21 paragraphs:

22 “(5) ELECTRONIC FORMS.—(A) The Secretary,
23 in cooperation with representatives of agencies and
24 organizations involved in student financial assist-
25 ance, including private computer software providers,

1 shall develop an electronic version of the form de-
2 scribed in paragraph (1). Such an electronic version
3 shall not require a signature to be collected at the
4 time such version is submitted, as permitted by the
5 Secretary. The Secretary shall prescribe such version
6 no later than 120 days after the date of enactment
7 of the Higher Education Amendments of 1998.

8 “(B) Nothing in this section shall prohibit the
9 use of the version of the form developed by the Sec-
10 retary pursuant to subparagraph (A) by an eligible
11 institution, eligible lender, guaranty agency, State
12 grant agency, private computer software providers, a
13 consortium thereof, or such other entities as the Sec-
14 retary may designate.

15 “(C) No fee shall be charged to students in con-
16 nection with the use of the electronic form, or of any
17 other electronic forms used in conjunction with such
18 form in applying for Federal or State student finan-
19 cial assistance.

20 “(D) The Secretary shall ensure that data col-
21 lection complies with section 552a of title 5, United
22 States Code, and that any entity using the version
23 of the form developed by the Secretary pursuant to
24 subparagraph (A) shall maintain reasonable and ap-
25 propriate administrative, technical, and physical

1 safeguards to ensure the integrity and confidentiality
2 of the information, and to protect against security
3 threats, or unauthorized uses or disclosures of the
4 information provided on the version of the form.
5 Data collected by such version of the form shall be
6 used only for the application, award, and adminis-
7 tration of aid awarded under this title, State aid, or
8 aid awarded by eligible institutions or such entities
9 as the Secretary may designate. No data collected by
10 such version of the form shall be used for making
11 final aid awards under this title until such data have
12 been processed by the Secretary or a contractor or
13 designee of the Secretary.

14 “(6) SUPPORT TO THIRD PARTY SERVICERS
15 AND PRIVATE SOFTWARE PROVIDERS.—The Sec-
16 retary shall support private organizations and con-
17 sortia thereof in the development of software used by
18 eligible institutions for the administration of funds
19 under this title. The Secretary shall provide in a
20 timely manner to such organizations and consortia
21 all necessary specifications that data and software
22 developed, produced, and distributed (including any
23 diskette, modem, or network communications) must
24 meet. These specifications shall contain record lay-
25 outs for required data and test cases that such orga-

1 nizations or consortia may use to test the accuracy
2 of its software. The Secretary shall develop in ad-
3 vance of each processing cycle an annual schedule
4 for providing such specifications. The Secretary
5 shall, to the extent practicable, use means of provid-
6 ing such support, including conferences and other
7 meetings, outreach, and technical support mecha-
8 nisms (including telephone support, training and
9 printed reference materials). The Secretary shall,
10 from time to time, solicit from such organizations
11 and consortia means of improving the support pro-
12 vided by the Secretary.”.

13 (b) STREAMLINED REAPPLICATION PROCESS.—Sec-
14 tion 483(b)(1) is amended by striking “, within 240 days”
15 and everything that follows through “of 1992,”.

16 (c) INFORMATION TO COMMITTEES.—Section 483(c)
17 is amended by striking “and Labor” and inserting “and
18 the Workforce”.

19 (d) TOLL-FREE INFORMATION.—Section 483(d) is
20 amended by striking “section 633(c)” and inserting “sec-
21 tion 685(d)(2)(C)”.

22 (e) REPEAL.—Subsection (f) of section 483 is re-
23 pealed.

1 **SEC. 464. STUDENT ELIGIBILITY.**

2 (a) IN GENERAL.—Section 484(a) (20 U.S.C.
3 1091(a))—

4 (1) in paragraph (4), by striking “the institu-
5 tion” and everything that follows through “lender),
6 a document” and inserting “the Federal Govern-
7 ment, as part of the original financial aid application
8 process, a certification”;

9 (2) in paragraph (4)(B), by inserting after “so-
10 cial security number,” the following: “and if a de-
11 pendent student, the social security number of any
12 parent of such student whose income information is
13 required to be included on the form,”; and

14 (3) in paragraph (5), by striking “Trust Terri-
15 tory of the Pacific Islands” and inserting “the Fed-
16 erated States of Micronesia, the Republic of the
17 Marshall Islands, or the Republic of Palau”.

18 (b) TERMINATION OF ELIGIBILITY.—Section 484(j)
19 is amended to read as follows:

20 “(j) ASSISTANCE UNDER SUBPARTS 1 AND 3, OF
21 PART A, AND PART C.—Notwithstanding any other provi-
22 sion of law, a student shall be eligible until September 30,
23 2001, if otherwise qualified, for assistance under subparts
24 1 and 3 of part A, and part C, of this title, if the student
25 is otherwise qualified and—

1 “(1) is a citizen of the Federated States of Mi-
2 cronesia, the Republic of the Marshall Islands, or
3 the Republic of Palau, and attends an institution of
4 higher education in Guam or a public or nonprofit
5 private institution of higher education in the Fed-
6 erated States of Micronesia, the Republic of the
7 Marshall Islands, or the Republic of Palau; or

8 “(2) meets the requirements of subsection
9 (a)(5) and attends a public or nonprofit private in-
10 stitution of higher education in the Federated States
11 of Micronesia, the Republic of the Marshall Islands,
12 or the Republic of Palau.”.

13 (c) VERIFICATION OF INCOME DATA.—Section 484
14 is amended by adding at the end the following new sub-
15 section:

16 “(q) VERIFICATION OF INCOME DATA.—

17 “(1) CONFIRMATION WITH IRS.—The Secretary
18 of Education, in cooperation with the Secretary of
19 the Treasury, is authorized to confirm with the In-
20 ternal Revenue Service the adjusted gross income,
21 Federal income taxes paid, filing status, and exemp-
22 tions reported by applicants (including parents)
23 under this title on their Federal income tax returns
24 for the purpose of verifying the information reported
25 by applicants on student financial aid applications.

1 “(2) NOTIFICATION.—The Secretary shall es-
 2 tablish procedures under which an applicant is noti-
 3 fied that the Internal Revenue Service will disclose
 4 to the Secretary tax return information as author-
 5 ized under section 6103(l)(13) of the Internal Reve-
 6 nue Code of 1986.”.

7 (d) SUSPENSION OF ELIGIBILITY FOR DRUG-RELAT-
 8 ED OFFENSES.—

9 (1) AMENDMENT.—Section 484 is further
 10 amended by adding at the end thereof the following
 11 new subsection:

12 “(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RE-
 13 LATED OFFENSES.—

14 “(1) IN GENERAL.—An individual student who
 15 has been convicted of any offense under any Federal
 16 or State law involving the possession or sale of a
 17 controlled substance shall not be eligible to receive
 18 any grant, loan, or work assistance under this title
 19 during the period beginning on the date of such con-
 20 viction and ending after the interval specified in the
 21 following table:

“If convicted of an offense involving:

The possession of a controlled substance:	Ineligibility period is:
First offense	1 year
Second offense	2 years
Third offense	indefinite
The sale of a controlled substance:	
First offense	2 years
Second offense	indefinite

1 “(2) REHABILITATION.—A student whose eligi-
2 bility has been suspended under paragraph (1) may
3 resume eligibility before the end of the period deter-
4 mined under such paragraph if the student satisfac-
5 torily completes a drug rehabilitation program that
6 complies with such criteria as the Secretary shall
7 prescribe for purposes of this paragraph and that in-
8 cludes two unannounced drug tests.

9 “(3) DEFINITIONS.—As used in this subsection,
10 the term ‘controlled substance’ has the meaning
11 given in section 102(6) of the Controlled Substances
12 Act (21 U.S.C. 802(6)).”.

13 (2) EFFECTIVE DATE.—The amendment made
14 by paragraph (1) shall apply with respect to finan-
15 cial assistance to cover the costs of attendance for
16 periods of enrollment beginning after the date of en-
17 actment of this Act.

18 **SEC. 465. STATE COURT JUDGMENTS.**

19 Section 484A (20 U.S.C. 1091a) is amended by add-
20 ing at the end the following new subsection:

21 “(c) STATE COURT JUDGMENTS.—A judgment of a
22 State court for the recovery of money provided as grant,
23 loan, or work assistance under this title that has been as-
24 signed or transferred to the Secretary under this title may
25 be registered in any district court by filing a certified copy

1 of the judgment and the assignment or other transfer to
2 the Secretary. A judgment so registered shall have the
3 same force and effect, and may be enforced in the same
4 manner, as a judgment of the district court of the district
5 in which the judgment is registered.”.

6 **SEC. 466. INFORMATION FOR STUDENTS.**

7 (a) INFORMATION DISSEMINATION.—Section 485(a)
8 (20 U.S.C. 1092(a)) is amended—

9 (1) in paragraph (1), by striking the second
10 sentence and inserting the following: “The informa-
11 tion required by this section shall be produced and
12 be made readily available upon request, through ap-
13 propriate publications, mailings, and electronic
14 media to all current students and to any prospective
15 student. Each eligible institution shall, on an annual
16 basis, provide to all enrolled students a list of the in-
17 formation that is required to be provided by institu-
18 tions to students by this Act and section 444 of the
19 General Education Provisions Act (also referred to
20 as the Family Educational Rights and Privacy Act
21 of 1974), together with a statement of the proce-
22 dures required to obtain such information.”;

23 (2) in paragraph (3)—

24 (A) in the first sentence, by striking “, or
25 enrolled in any program of an eligible institu-

1 tion for which the prior program provides sub-
2 stantial preparation”; and

3 (B) by striking subparagraph (A) and in-
4 serting the following:

5 “(A) shall be made available by July 1 each
6 year to current and prospective students prior to en-
7 rolling or entering into any financial obligation;
8 and”; and

9 (3) by adding at the end the following new
10 paragraph:

11 “(6) Each institution may, but is not required to,
12 provide supplemental information to enrolled and prospec-
13 tive students showing the completion or graduation rate
14 for students transferring into the institution or informa-
15 tion showing the rate at which students transfer out of
16 the institution.”.

17 (b) DEPARTMENTAL PUBLICATIONS.—Section
18 485(d) is amended—

19 (1) by striking “(1) assist” and inserting “(A)
20 assist”;

21 (2) by striking “(2) assist” and inserting “(B)
22 assist”;

23 (3) by inserting “(1)” before “The Secretary”
24 the first place it appears; and

1 (4) by adding at the end the following new
2 paragraphs:

3 “(2) The Secretary shall, to the extent such informa-
4 tion is available, compile information describing State pre-
5 paid tuition programs and disseminate such information
6 to States, eligible institutions, students, and parents in de-
7 partmental publications.

8 “(3) The Secretary shall, to the extent practicable,
9 update the Department’s Internet site to include direct
10 links to databases which contain information on public
11 and private financial assistance programs. The Secretary
12 shall only provide direct links to databases which can be
13 accessed without charge and shall verify with appropriate
14 parties that the databases included in the direct link are
15 not in any way providing fraudulent information. The Sec-
16 retary shall prominently display adjacent to the direct link
17 a disclaimer indicating that a direct link to a database
18 does not constitute an endorsement or recommendation of
19 the database or its provider or any services or products
20 of such provider. The Secretary shall provide additional
21 direct links to information resources from which students
22 may obtain information about fraudulent and deceptive
23 practices in the provision of services related to student fi-
24 nancial aid.”.

25 (c) DISCLOSURES.—Section 485(e) is amended—

1 (1) in paragraph (2)—

2 (A) by striking “his parents, his guidance”
3 and inserting “the student’s parents, guid-
4 ance”; and

5 (B) by adding at the end the following new
6 sentence: “If the institution is a member of a
7 national collegiate athletic association that com-
8 piles graduation rate data on behalf of its mem-
9 ber institutions that the Secretary determines is
10 substantially comparable to the information de-
11 scribed in paragraph (1), the distribution of the
12 compilation of such data to all secondary
13 schools in the United States shall fulfill the re-
14 sponsibility of the institution to provide infor-
15 mation to a prospective student athlete’s guid-
16 ance counselor and coach.”;

17 (2) in paragraph (4), by striking “when such
18 completion or graduation rate includes students
19 transferring into and out of such institution” and
20 inserting “for students transferring into the institu-
21 tion or information showing the rate at which stu-
22 dents transfer out of the institution”; and

23 (3) by striking paragraph (9) and inserting the
24 following:

1 “(9) The reports required by this subsection shall be
2 due on each July 1 and shall cover the 1-year period end-
3 ing August 31 of the preceding year.”.

4 (d) CAMPUS CRIME REPORTING AND DISCLOSURE.—
5 Section 485(f) is amended—

6 (1) in paragraph (1)—

7 (A) by striking subparagraph (F) and in-
8 serting the following:

9 “(F) Statistics concerning the occurrence on
10 campus, during the most recent calendar year, and
11 during the 2 preceding calendar years, of the follow-
12 ing criminal offenses or arrests reported to campus
13 security authorities, campus officials who have direct
14 administrative responsibility for student or campus
15 activities, disciplinary officers and other officials re-
16 sponsible for resolving student disciplinary matters,
17 athletic department officials, or local police agencies
18 (including offenses handled through the campus dis-
19 ciplinary system):

20 “(i) murder;

21 “(ii) sex offenses, forcible or nonforcible;

22 “(iii) robbery;

23 “(iv) aggravated assault;

24 “(v) burglary;

25 “(vi) motor vehicle theft;

1 “(vii) manslaughter;

2 “(viii) larceny;

3 “(ix) arson; and

4 “(x) arrests or persons referred for campus
5 disciplinary action for liquor law violations,
6 drug-related violations, and weapons posses-
7 sion.”;

8 (B) by striking subparagraph (H); and

9 (C) by redesignating subparagraph (I) as
10 subparagraph (H);

11 (2) in paragraph (4)—

12 (A) by striking “Upon request of the Sec-
13 retary, each” and inserting “On an annual
14 basis, each”;

15 (B) by striking “paragraphs (1)(F) and
16 (1)(H)” and inserting “paragraph (1)(F)”;

17 (C) by striking “and Labor” and inserting
18 “and the Workforce”;

19 (D) by striking “1995” and inserting
20 “2000”;

21 (E) by striking “and” at the end of sub-
22 paragraph (A);

23 (F) by redesignating subparagraph (B) as
24 subparagraph (C); and

1 (G) by inserting after subparagraph (A)
2 the following new subparagraph:

3 “(B) make copies of the statistics submitted to
4 the Secretary available to the public; and”;

5 (3) in paragraph (6)—

6 (A) by striking “paragraphs (1)(F) and
7 (1)(H)” and inserting “paragraph (1)(F)”; and

8 (B) by adding at the end the following new
9 sentence: “Such statistics shall not identify vic-
10 tims of crimes or persons accused of crimes.”;
11 and

12 (4) by adding at the end the following new
13 paragraphs:

14 “(8)(A) Each institution participating in any pro-
15 gram under this title that maintains either a police or se-
16 curity department of any kind shall make, keep, and main-
17 tain a daily log, written in a form that can be easily under-
18 stood, recording in chronological order all crimes reported
19 to such police or security department, including the na-
20 ture, date, time, and general location of each crime and
21 the disposition of the complaint, if known.

22 “(B) All entries that are required by this paragraph
23 shall be open to public inspection during normal business
24 hours within two business days of the initial report being
25 made to the department, unless—

1 “(i) disclosure of such information is prohibited
2 by law; or

3 “(ii) the release of such information is likely to
4 jeopardize an ongoing criminal investigation or the
5 safety of an individual, cause a suspect to flee or
6 evade detection, or result in the destruction of evi-
7 dence.

8 Any information withheld under clause (ii) shall be open
9 to public inspection as soon as the damage that is the
10 basis for such withholding is no longer likely to occur.

11 “(9) The Secretary shall provide technical assistance
12 in complying with the provisions of this section to an insti-
13 tution of higher education who requests such assistance.

14 “(10) Nothing in this section shall require the report-
15 ing or disclosure of privileged information.”.

16 (e) DATA REQUIRED.—Section 485(g) is amended—

17 (1) in paragraph (1), by adding at the end the
18 following new subparagraphs:

19 “(I)(i) The total revenues, and the reve-
20 nues from football, men’s basketball, women’s
21 basketball, all other men’s sports combined and
22 all other women’s sports combined, derived by
23 the institution from its intercollegiate athletics
24 activities.

1 “(ii) For the purpose of clause (i), reve-
2 nues from intercollegiate athletics activities allo-
3 cable to a sport shall include (without limita-
4 tion) gate receipts, broadcast revenues, appear-
5 ance guarantees and options, concessions, and
6 advertising, but revenues such as student activi-
7 ties fees or alumni contributions not so alloca-
8 ble shall be included in the calculation of total
9 revenues only.

10 “(J)(i) The total expenses, and the ex-
11 penses attributable to football, men’s basketball,
12 women’s basketball, all other men’s sports com-
13 bined, and all other women’s sports combined,
14 made by the institution for its intercollegiate
15 athletics activities.

16 “(ii) For the purpose of clause (i) expenses
17 for intercollegiate athletics activities allocable to
18 a sport shall include (without limitation)
19 grants-in-aid, salaries, travel, equipment, and
20 supplies, but expenses such as general and ad-
21 ministrative overhead not so allocable shall be
22 included in the calculation of total expenses
23 only.

24 “(K) A statement of any reduction that
25 may or is likely to occur during the ensuing 4

1 academic years in the number of athletes that
2 will be permitted to participate in any collegiate
3 sport, or in the financial resources that the in-
4 stitution will make available to any such sport,
5 and the reasons for any such reduction.”; and
6 (2) by striking paragraph (5).

7 **SEC. 467. NATIONAL STUDENT LOAN DATA SYSTEM.**

8 Section 485B(a) (20 U.S.C. 1092b(a)) is amended by
9 inserting before the period at the end of the third sentence
10 the following: “no later than one year after the date of
11 enactment of the Higher Education Amendments of
12 1997”.

13 **SEC. 468. PROGRAM PARTICIPATION AGREEMENTS.**

14 (a) **REQUIRED CONTENT.**—Section 487(a) (20
15 U.S.C. 1094(a)) is amended—

16 (1) in the first sentence, by striking “, except
17 with respect to a program under subpart 4 of part
18 A,”;

19 (2) in paragraph (3), by striking subparagraph
20 (B) and inserting the following:

21 “(B) the appropriate State agency;”;

22 (3) in paragraph (4), by striking “subsection
23 (b)” and inserting “subsection (c)”;

1 (4) in paragraph (15), by striking “State review
2 entities under subpart 1 of part H” and inserting
3 “appropriate State agencies”;

4 (5) by striking paragraph (18) and inserting
5 the following:

6 “(18) The institution will meet the require-
7 ments established pursuant to section 485(g).”;

8 (6) by striking paragraph (21) and inserting
9 the following:

10 “(21) The institution will meet the require-
11 ments established by the Secretary, appropriate
12 State agencies, and accrediting agencies, pursuant to
13 part H of this title.”; and

14 (7) by adding at the end the following new
15 paragraph:

16 “(23) The institution will distribute to each stu-
17 dent, during registration for enrollment in its in-
18 structional program, the mail voter registration ap-
19 plication form described in section 9(a)(2) of the
20 National Voter Registration Act of 1993, unless the
21 student, in writing, declines to receive such form.”.

22 (b) AUDITS; FINANCIAL RESPONSIBILITY.—Section
23 487(c) is amended—

24 (1) in paragraph (1)(A)(i), by striking “State
25 agencies” and everything that follows through the

1 semicolon and inserting “and appropriate State
2 agencies;”;

3 (2) in paragraph (2), by striking “subpart 3”
4 and inserting “subpart 2”;

5 (3) in paragraph (4), by striking “, after con-
6 sultation” and everything that follows through “part
7 H,”; and

8 (4) in paragraph (5), by striking “State review”
9 and everything that follows through “part H” and
10 inserting “appropriate State agencies”.

11 **SEC. 469. QUALITY ASSURANCE AND REGULATORY SIM-**
12 **PLIFICATION.**

13 Section 487A (20 U.S.C. 1094a) is amended to read
14 as follows:

15 **“SEC. 487A. QUALITY ASSURANCE AND REGULATORY SIM-**
16 **PLIFICATION PROGRAM.**

17 “(a) IN GENERAL.—The Secretary is authorized to
18 select institutions for voluntary participation in a Regu-
19 latory Simplification Program that provides participating
20 institutions with the opportunity to develop and implement
21 an alternative management program that—

22 “(1) shall allow alternative methods of comply-
23 ing with regulations issued with respect to parts A
24 through E and G of this title;

1 “(2) shall not modify or waive the application
2 of any requirement or other provision of this Act;
3 and

4 “(3) may include a Quality Assurance Program
5 through which individual schools develop and imple-
6 ment their own comprehensive systems to verify stu-
7 dent financial aid application data, thereby enhanc-
8 ing program integrity within the student aid delivery
9 system.

10 “(b) SELECTION CRITERIA.—The criteria for select-
11 ing institutions for participation in the Regulatory Sim-
12 plification Program shall be based on criteria that include
13 demonstrated institutional performance, as determined by
14 the Secretary, and shall take into consideration regulatory
15 simplification goals, as determined by the Secretary. The
16 selection criteria shall ensure the participation of rep-
17 resentatives of institutions of higher education according
18 to size, mission, and geographical distribution.

19 “(c) REMOVAL FROM THE PROGRAM.—The Sec-
20 retary is authorized to determine—

21 “(1) when an institution that is unable to ad-
22 minister the Regulatory Simplification Program
23 must be removed from such program; and

24 “(2) when institutions desiring to cease partici-
25 pation in such Program will be required to complete

1 the current award year under the requirements of
 2 the Program.

3 “(d) EXPERIMENTAL SITES.—The Secretary is au-
 4 thorized to designate institutions selected for participation
 5 in the Regulatory Simplification Program as Experimental
 6 Sites.

7 “(e) DEFINITIONS.—For purposes of this section, the
 8 term ‘current award year’ means the award year during
 9 which the participating institution indicates its intention
 10 to cease participation.”.

11 **SEC. 470. DISTANCE EDUCATION DEMONSTRATION PRO-**
 12 **GRAMS.**

13 Part G of title IV is amended—

14 (1) by redesignating section 487B (20 U.S.C.
 15 1094b) as section 487C; and

16 (2) by inserting after section 487A (as amended
 17 by section 469) the following new section:

18 **“SEC. 487B. DISTANCE EDUCATION DEMONSTRATION PRO-**
 19 **GRAMS.**

20 “(a) PURPOSE.—It is the purpose of this section—

21 “(1) to allow demonstration programs that are
 22 strictly monitored by the Department of Education
 23 to test the quality and viability of expanded distance
 24 education programs currently restricted under this
 25 Act;

1 “(2) to provide for increased student access to
2 higher education through distance education pro-
3 grams;

4 “(3) to help determine the most effective means
5 of delivering quality education via distance education
6 course offerings; and

7 “(4) to help determine the appropriate level of
8 Federal assistance for students enrolled in distance
9 education programs.

10 “(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

11 “(1) IN GENERAL.—The Secretary is authorized
12 to select institutions or a consortia of institutions for
13 voluntary participation in a Distance Education
14 Demonstration Program that provides participating
15 institutions with the ability to offer distance edu-
16 cation programs without regard to the current re-
17 strictions in part F or G of this title or part A of
18 title I.

19 “(2) EXEMPTIONS.—The Secretary is author-
20 ized to exempt any institution or consortia partici-
21 pating in a Distance Education Demonstration Pro-
22 gram from any of the requirements of parts F or G
23 of this title, or part A of title I, or the regulations
24 prescribed under such parts.

1 “(c) APPLICATION.—Each institution or consortia of
2 institutions desiring to participate in a demonstration pro-
3 gram under this section shall submit an application to the
4 Secretary at such time, in such manner, and accompanied
5 by such information as the Secretary may require. Each
6 application shall include—

7 “(1) a description of the institution or consor-
8 tium’s consultation with a recognized accrediting
9 agency or association with respect to quality assur-
10 ances for the distance education programs to be of-
11 fered;

12 “(2) a description of the statutory and regu-
13 latory requirements described in subsection (b)(2)
14 for which a waiver is sought and the reasons for
15 which the waiver is sought;

16 “(3) a description of the distance education
17 programs to be offered;

18 “(4) a description of the students to whom dis-
19 tance education programs will be offered;

20 “(5) an assurance that the institution or con-
21 sortium will offer full cooperation with the ongoing
22 evaluations of the demonstration program provided
23 for in this section; and

24 “(6) such other information as the Secretary
25 may require.

1 “(d) SELECTION.—To the extent feasible, the Sec-
2 retary shall select a representative sample of institutions
3 for participation in the demonstration program authorized
4 under this section. In selecting institutions for participa-
5 tion, the Secretary shall take into consideration the insti-
6 tution’s financial and administrative capability and the
7 type of program or programs being offered via distance
8 education course offerings. The Secretary shall, in the ex-
9 ercise of his discretion, determine the number of dem-
10 onstration programs to be allowed based on the number
11 and quality of applications received and the Department’s
12 capacity to oversee and monitor each demonstration pro-
13 gram.

14 “(e) EVALUATION AND REPORT.—

15 “(1) EVALUATION.—The Secretary shall, on an
16 annual basis, evaluate the demonstration programs
17 authorized under this section. Such evaluations shall
18 specifically review—

19 “(A) the extent to which the institution or
20 consortia of institutions has met the goals set
21 forth in its application to the Secretary, includ-
22 ing the measures of program quality assurance;

23 “(B) issues related to student financial as-
24 sistance for distance education; and

1 “(C) effective technologies for delivering
2 distance education course offerings.

3 “(2) POLICY ANALYSIS.—In addition, the Sec-
4 retary shall review current policies and identify those
5 policies which present impediments to the develop-
6 ment and use of distance learning and other non-
7 traditional methods of expanding access to edu-
8 cation.

9 “(3) REPORT.—The Secretary shall report to
10 the appropriate committees of Congress with respect
11 to—

12 “(A) the evaluations of the demonstration
13 programs authorized under this section; and

14 “(B) any proposed legislative changes de-
15 signed to enhance the use of distance edu-
16 cation.”.

17 **SEC. 471. GARNISHMENT REQUIREMENTS.**

18 (a) MAXIMUM PERCENTAGE.—Section 488A(a)(1)
19 (20 U.S.C. 1095a(a)(1)) is amended by striking “10 per-
20 cent” and inserting “15 percent”.

21 (b) NO ATTACHMENT OF STUDENT ASSISTANCE.—
22 Section 488A is further amended—

23 (1) by redesignating subsection (d) as sub-
24 section (e); and

1 (2) by inserting after subsection (c) the follow-
2 ing new subsection:

3 “(d) NO ATTACHMENT OF STUDENT ASSISTANCE.—
4 Except as authorized in this section, notwithstanding any
5 other provision of Federal or State law, no grant, loan,
6 or work assistance awarded under this title, or property
7 traceable to such assistance, shall be subject to garnish-
8 ment or attachment in order to satisfy any debt owed by
9 the student awarded such assistance, other than a debt
10 owed to the Secretary and arising under this title.”.

11 **SEC. 472. ADMINISTRATIVE SUBPOENA AUTHORITY.**

12 Part G of title IV of the Act is further amended by
13 inserting immediately after section 490 (20 U.S.C. 1097)
14 the following new section:

15 **“SEC. 490A. ADMINISTRATIVE SUBPOENAS.**

16 “(a) AUTHORITY.—To assist the Secretary in the
17 conduct of investigations of possible violations of the provi-
18 sions of this title, the Secretary is authorized to require
19 by subpoena the production of information, documents, re-
20 ports, answers, records, accounts, papers, and other docu-
21 mentary evidence pertaining to participation in any pro-
22 gram under this title. The production of any such records
23 may be required from any place in a State.

24 “(b) ENFORCEMENT.—In case of contumacy by, or
25 refusal to obey a subpoena issued to, any person, the Sec-

1 retary may request the Attorney General to invoke the aid
 2 of any court of the United States where such person re-
 3 sides or transacts business for a court order for the en-
 4 forcement of this section.”.

5 **SEC. 473. ADVISORY COMMITTEE ON STUDENT FINANCIAL**
 6 **ASSISTANCE.**

7 Section 491 (20 U.S.C. 1098) is amended—

8 (1) in subsection (b)—

9 (A) by inserting “staffing levels,” after
 10 “allocations and expenditures,” the first place it
 11 appears; and

12 (B) by striking the fourth and fifth sen-
 13 tences and inserting the following: “Reports,
 14 publications, and other documents, including
 15 documents in electronic form, shall not be sub-
 16 ject to review by the Secretary.”;

17 (2) in subsection (c)(1)—

18 (A) by striking “11 members” and insert-
 19 ing “15 members”; and

20 (B) by striking “3 members” each place it
 21 appears in subparagraphs (A) and (B) and in-
 22 serting “5 members”;

23 (3) in subsection (c)(2), by striking “7 mem-
 24 bers” and inserting “11 members”;

25 (4) in subsection (e)—

1 (A) by striking everything after “except
2 that,” in paragraph (1) and inserting the fol-
3 lowing:

4 “within 90 days after the date of enactment of the Higher
5 Education Amendments of 1998, 2 additional members
6 shall be appointed by the President pro tempore of the
7 Senate (one upon the recommendation of the Majority
8 Leader and one upon the recommendation of the Minority
9 Leader) and 2 additional members shall be appointed by
10 the Speaker of the House (one upon the recommendation
11 of the Majority Leader and one upon the recommendation
12 of the Minority Leader). Of the additional members—

13 “(A) 2 shall be appointed for a term of 1 year;

14 “(B) 1 shall be appointed for a term of 2 years;

15 and

16 “(C) 1 shall be appointed for a term of 3
17 years.”;

18 (B) by striking “Six members” in para-
19 graph (4) and inserting “Eight members”; and

20 (C) by adding at the end the following new
21 paragraph:

22 “(6) No officer or full-time employee of the United
23 States shall serve as members of the Advisory Commit-
24 tee.”;

1 (5) by striking subsection (g) and inserting the
2 following:

3 “(g) COMPENSATION AND EXPENSES.—Members of
4 the Advisory Committee may each receive reimbursement
5 for travel expenses incident to attending Advisory Com-
6 mittee meetings, including per diem in lieu of subsistence,
7 as authorized by section 5703 of title 5, United States
8 Code, for persons in the Government service employed
9 intermittently.”;

10 (6) in subsection (h)(1), by striking “may be
11 necessary by the Chairman without regard to” and
12 inserting “may be deemed necessary by the Chair-
13 man without regard to personnel ceilings or”;

14 (7) in subsection (i), by striking “\$750,000”
15 and inserting “\$850,000”;

16 (8) by striking subsection (j) and inserting the
17 following:

18 “(j) SPECIAL ANALYSES AND ACTIVITIES.—The com-
19 mittee shall—

20 “(1) monitor and evaluate the modernization of
21 student financial aid systems and delivery processes;

22 “(2) monitor and evaluate the implementation
23 of a performance-based organization within the De-
24 partment of Education and report to Congress, on

1 not less than an annual basis, including rec-
2 ommendations for improvements; and

3 “(3) assess the adequacy of current methods for
4 disseminating information about programs under
5 this title and recommend improvements, as appro-
6 priate, regarding early needs assessment and infor-
7 mation for first-year high school students.”;

8 (9) in subsection (k), by striking “1998” and
9 inserting “2004”; and

10 (10) by striking subsection (l).

11 **SEC. 474. MEETINGS AND NEGOTIATED RULEMAKING.**

12 Section 492 (20 U.S.C. 1098a) is amended to read
13 as follows:

14 **“SEC. 492. NEGOTIATED RULEMAKING.**

15 **“(a) IN GENERAL.—**

16 **“(1) REGULATION DEVELOPMENT.—**In develop-
17 ing regulations and revisions thereof under this title,
18 the Secretary shall obtain the advice and rec-
19 ommendations of individuals and representatives of
20 the groups involved in student financial assistance
21 programs under this title, such as students, legal as-
22 sistance organizations that represent students, insti-
23 tutions of higher education, guaranty agencies, lend-
24 ers, secondary markets, loan servicers, guaranty
25 agency servicers, and collection agencies.

1 “(2) INPUT.—Such advice and recommenda-
2 tions may be obtained through such mechanisms as
3 national meetings and electronic exchanges of infor-
4 mation.

5 “(b) PROPOSED REGULATIONS.—After obtaining
6 such advice and recommendations, and prior to publishing
7 any proposed regulations and revisions thereof under this
8 title in the Federal Register, the Secretary shall prepare
9 draft regulations and submit such regulations to a nego-
10 tiated rulemaking process. In establishing the negotiated
11 rulemaking process under this section, the Secretary
12 shall—

13 “(1) follow the procedural requirements used in
14 implementing section 1601(b) of the Elementary and
15 Secondary Education Act of 1965;

16 “(2) select participants in the negotiations proc-
17 ess from individuals and groups participating in the
18 exchanges described in subsection (a)(1), including
19 both representatives of such groups from the Dis-
20 trict of Columbia, and industry participants, and to
21 the extent possible, the Secretary shall select individ-
22 uals reflecting the diversity in the industry, rep-
23 resenting both large and small participants, as well
24 as individuals serving local areas and national mar-
25 kets;

1 “(3) conduct the negotiations process in a time-
 2 ly manner in order that final regulations may be
 3 issued by the Secretary within the 240-day period
 4 described in section 431(g) of the General Education
 5 Provisions Act, and any subsequent revisions to reg-
 6 ulations under this title may be issued in accordance
 7 with the master calendar provisions of section 482
 8 of this title; and

9 “(4) prepare a transcript of the negotiated rule-
 10 making proceedings that shall be available to the
 11 public prior to the issuance of any final regulations.

12 “(c) FEDERAL ADVISORY COMMITTEE ACT.—The
 13 Federal Advisory Committee Act shall not apply to activi-
 14 ties carried out under this section.”.

15 **PART H—PROGRAM INTEGRITY**

16 **SEC. 476. STATE POSTSECONDARY REVIEW PROGRAM.**

17 (a) AMENDMENTS.—Part H of title IV is amended—

18 (1) in the heading of the part, by striking
 19 “**TRIAD**”;

20 (2) by striking subpart 1 (20 U.S.C. 1099a
 21 through 1099a–3); and

22 (3) by redesignating subparts 2 and 3 as sub-
 23 parts 1 and 2, respectively.

24 (b) CONFORMING AMENDMENTS.—Section 496 (20
 25 U.S.C. 1099b) is amended by striking “subpart 3” each

1 place it appears in subsections (j) and (k) and inserting
2 “subpart 2”.

3 **SEC. 477. ACCREDITING AGENCY RECOGNITION.**

4 (a) RECOGNITION.—

5 (1) The heading of subpart 1 of part H (as re-
6 designated by section 476(a)(3)) is amended by
7 striking “**Approval**” and inserting “**Recogni-**
8 **tion**”.

9 (2) The heading of section 496 is amended by
10 striking “**APPROVAL**” and inserting “**RECOGNI-**
11 **TION**”.

12 (b) STANDARDS.—Section 496(a) is amended—

13 (1) by striking “STANDARDS” and inserting
14 “CRITERIA”;

15 (2) by striking “standards” each place it ap-
16 pears and inserting “criteria”;

17 (3) in paragraph (5)—

18 (A) by striking “of accreditation” and in-
19 serting “for accreditation”;

20 (B) by inserting “the quality (including the
21 quality of distance learning programs or
22 courses) of” before “the institution’s”;

23 (C) in subparagraph (G), by striking “pro-
24 gram length and tuition and fees in relation to

1 the subject matters taught” and inserting
2 “measures of program length”;

3 (D) by striking subparagraph (J);

4 (E) in subparagraph (L), by inserting “the
5 most recent student loan default rate data pro-
6 vided by the Secretary and” after “including”;

7 (F) by striking “and” at the end of sub-
8 paragraph (K);

9 (G) by inserting “and” after the semicolon
10 at the end of subparagraph (L);

11 (H) by redesignating subparagraphs (K)
12 and (L) as subparagraphs (J) and (K), respec-
13 tively; and

14 (I) by striking “(J), and (L)” and insert-
15 ing “and (K)”;

16 (4) in paragraph (7), by striking “State post-
17 secondary review entity” and inserting “State licens-
18 ing or authorizing agency”; and

19 (5) in paragraph (8), by striking “State post-
20 secondary” and everything that follows through “is
21 located” and inserting “State licensing or authoriz-
22 ing agency”.

23 (c) OPERATING PROCEDURES.—Section 496(c) is
24 amended—

1 (1) by striking “approved by the Secretary”
2 and inserting “recognized by the Secretary”;

3 (2) in paragraph (1), by striking “(at least”
4 and everything that follows through “unan-
5 nounced),” and inserting “(which may include unan-
6 nounced site visits)”;

7 (3) in paragraph (3), by inserting before the
8 semicolon at the end the following: “, except that
9 new sites offered through telecommunications for
10 programs previously included in the scope of accredi-
11 tation approval need not be subject to such on-site
12 visits”.

13 (d) CONFORMING AMENDMENTS.—Section 496 is
14 further amended—

15 (1) in subsection (d)—

16 (A) by striking “APPROVAL” in the head-
17 ing of such subsection and inserting “RECOGNI-
18 TION”; and

19 (B) by striking “approved” and inserting
20 “recognized”;

21 (2) in subsection (f), by striking “approved”
22 and inserting “recognized”;

23 (3) in subsection (g)—

24 (A) by striking “STANDARDS” and insert-
25 ing “CRITERIA”; and

1 (B) by striking “standards” and inserting
2 “criteria”;

3 (4) in subsection (k)(2), by striking “stand-
4 ards” and inserting “criteria”;

5 (5) in subsection (l)—

6 (A) by striking “APPROVAL” in the head-
7 ing of such subsection and inserting “RECOGNI-
8 TION”;

9 (B) by striking “the standards” each place
10 it appears and inserting “its standards”; and

11 (C) by striking “approval” and inserting
12 “recognition”; and

13 (6) in subsection (n)—

14 (A) by striking “standards” each place it
15 appears and inserting “criteria”;

16 (B) in paragraph (3)—

17 (i) by striking “approval or dis-
18 approval” and inserting “recognition or de-
19 nial of recognition”; and

20 (ii) by striking “approval process”
21 and inserting “recognition process”; and

22 (C) by striking paragraph (4) and insert-
23 ing the following:

24 “(4) The Secretary shall maintain sufficient docu-
25 mentation to support the conclusions reached in the rec-

1 ognition process, and, if the Secretary does not recognize
 2 any accreditation agency or association, shall make pub-
 3 licly available the reason for denying recognition, including
 4 reference to the specific criteria under this section which
 5 have not been fulfilled.”.

6 **SEC. 478. ELIGIBILITY AND CERTIFICATION PROCEDURES.**

7 (a) SINGLE APPLICATION FORM.—Section 498(b)(1)
 8 (20 U.S.C. 1099c(b)(1)) is amended by striking “accredi-
 9 tation, and capability” and inserting “accreditation, finan-
 10 cial responsibility, and administrative capacity”.

11 (b) FINANCIAL RESPONSIBILITY STANDARDS.—Sec-
 12 tion 498(c) is amended—

13 (1) in paragraph (1), in the matter preceding
 14 subparagraph (A), by striking “is able” and insert-
 15 ing “has sufficient resources to ensure against the
 16 precipitous closure of the institution and is able”;

17 (2) in paragraph (2)—

18 (A) in the first sentence, by striking “oper-
 19 ating losses, net worth, asset-to-liabilities ratios,
 20 or operating fund deficits” and inserting “to ra-
 21 tios that demonstrate financial responsibility,”;

22 (B) in the second sentence, by inserting “,
 23 public,” after “for profit”; and

24 (C) by inserting before the period at the
 25 end the following: “, and develop an appropriate

1 and cost effective process under this subpart
2 that does not duplicate other reporting require-
3 ments for assessing and reviewing financial re-
4 sponsibility”; and

5 (3) in paragraph (4)—

6 (A) in the first sentence, by striking “ratio
7 of current assets to current liabilities” and in-
8 serting “criteria”; and

9 (B) in subparagraph (C), by striking “cur-
10 rent operating ratio requirement” and inserting
11 “criteria imposed by the Secretary pursuant to
12 paragraph (2)”.

13 (c) ADMINISTRATIVE CAPACITY.—Section 498(d)(1)
14 is amended—

15 (1) in subparagraph (A), by striking “student
16 aid programs; and” and inserting “student financial
17 assistance under this title;”;

18 (2) by redesignating subparagraph (B) as sub-
19 paragraph (D); and

20 (3) by inserting after subparagraph (A) the fol-
21 lowing new subparagraphs:

22 “(B) written procedures for, or written in-
23 formation relating to, each office with respect
24 to, the approval, disbursement, and delivery of
25 student financial assistance under this title;

1 “(C)(i) a division of functions for authoriz-
2 ing payments of student financial assistance
3 under this title and the disbursement or deliv-
4 ery of such assistance, so that no office at the
5 institution has responsibility for both functions;
6 and

7 “(ii) an adequate system of checks and
8 balances for internal control at the institution
9 with respect to student financial assistance
10 under this title; and”.

11 (d) FINANCIAL RESPONSIBILITY FOR REFUNDS DUR-
12 ING PROVISIONAL CERTIFICATION.—

13 (1) AMENDMENT.—Section 498(e) is amended
14 by adding at the end the following new paragraph:

15 “(6) Notwithstanding any other provision of
16 law, any person required to pay, on behalf of a stu-
17 dent or borrower, a refund of unearned institutional
18 charges to a lender, or the Secretary, who willfully
19 fails to pay such refund or willfully attempts in any
20 manner to evade payment of such refund, shall, in
21 addition to other penalties provided by law, be liable
22 to the Secretary for the amount of the refund not
23 paid, to the same extent with respect to such refund
24 that such an individual would be liable as a respon-
25 sible person for a penalty under section 6672(a) of

1 title 26, United States Code, with respect to the
2 nonpayment of taxes.”.

3 (2) EFFECTIVE DATE.—The amendments made
4 by paragraph (1) shall be effective with respect to
5 any unpaid refunds that were first required to be
6 paid to a lender or to the Secretary on or after 90
7 days after the date of enactment of this Act.

8 (e) ACTIONS ON APPLICATIONS.—Section 498(f) is
9 amended—

10 (1) by striking “shall conduct” and inserting
11 “may conduct”;

12 (2) by striking “may establish” and inserting
13 “shall establish”;

14 (3) by striking “may coordinate” and inserting
15 “shall, to the extent practicable, coordinate”; and

16 (4) by adding at the end the following new sen-
17 tence: “The Secretary may exempt from the site
18 visit requirement any institution that is participating
19 in the Quality Assurance Program established under
20 section 487A at the time such site visit would be re-
21 quired under this subsection.”.

22 (f) TIME LIMITATIONS.—Section 498(g) is amended
23 to read as follows:

24 “(g) TIME LIMITATIONS.—(1) After the expiration of
25 the certification of any institution or upon request for ini-

1 tial certification from an institution not previously cer-
2 tified, the Secretary may certify the eligibility for the pur-
3 poses of any program authorized under this title of each
4 such institution for a period not to exceed 6 years.

5 “(2) The Secretary shall notify each institution of the
6 expiration of its eligibility no later than six months prior
7 to such expiration.”.

8 (g) CONFORMING AMENDMENT.—Section 498(h)(2)
9 is amended by striking “approval” and inserting “recog-
10 nition”.

11 (h) PROVISIONAL CERTIFICATION.—Section 498(i) is
12 amended by adding at the end the following new para-
13 graph:

14 “(4)(A) The Secretary may provisionally certify an
15 institution seeking approval of a change in ownership
16 based on the preliminary review by the Secretary of a ma-
17 terially complete application that is received by the Sec-
18 retary within 10 business days of the transaction for which
19 the approval is sought.

20 “(B) A provisional certification under this paragraph
21 shall expire no later than the end of the month following
22 the month in which the transaction occurred, except that
23 if the Secretary has not issued a decision on the applica-
24 tion for the change of ownership within that period, the
25 Secretary may continue such provisional certification on

1 a month-to-month basis until such decision has been
2 issued.”.

3 **SEC. 479. PROGRAM REVIEW AND DATA.**

4 (a) GENERAL AUTHORITY.—Section 498A(a) (20
5 U.S.C. 1099c–1(a)) is amended—

6 (1) in paragraph (2)—

7 (A) by striking “may give” and inserting
8 “shall give”;

9 (B) by inserting before the semicolon at
10 the end of subparagraph (C) the following: “,
11 that are not accounted for by changes in those
12 programs”;

13 (C) in subparagraph (D), by striking “the
14 appropriate” and everything that follows
15 through “of this part” and inserting “the State
16 licensing or authorizing agency”;

17 (D) by striking subparagraph (F); and

18 (E) by redesignating subparagraph (G) as
19 subparagraph (F); and

20 (2) in paragraph (3)(A), by inserting “relevant”
21 after “all”.

22 (b) SPECIAL ADMINISTRATIVE RULES.—Section
23 498A(b) is amended to read as follows:

1 “(b) SPECIAL ADMINISTRATIVE RULES.—(1) In car-
2 rying out paragraphs (1) and (2) of subsection (a), the
3 Secretary shall—

4 “(A) establish guidelines designed to ensure
5 uniformity of practice in the conduct of program re-
6 views of institutions; and

7 “(B) inform the appropriate State agency and
8 accrediting agency or association whenever taking
9 action against an institution under this section, sec-
10 tion 498, or section 432.

11 “(2) The Secretary shall review the regulations of the
12 Department and the application of such regulations to en-
13 sure the uniformity of interpretation and application of
14 the regulations. In conducting such review, the Secretary
15 shall consult with relevant representatives of institutions
16 participating in the programs authorized by this title.”.

17 **TITLE V—DEVELOPING**
18 **INSTITUTIONS**

19 **SEC. 501. ESTABLISHMENT OF NEW TITLE V.**

20 Title V is amended to read as follows:

1 **“TITLE V—DEVELOPING**
2 **INSTITUTIONS**

3 **“PART A—HISPANIC-SERVING INSTITUTIONS**

4 **“SEC. 501. PROGRAM AUTHORIZED.**

5 “The Secretary shall provide grants and related as-
6 sistance to Hispanic-serving institutions to enable such in-
7 stitutions to improve and expand their capacity to serve
8 Hispanic and other low-income students.

9 **“SEC. 502. ELIGIBILITY; DEFINITIONS.**

10 “(a) DEFINITIONS.—For the purpose of this part:

11 “(1) HISPANIC-SERVING INSTITUTION.—The
12 term ‘Hispanic-serving institution’ means an institu-
13 tion of higher education which—

14 “(A)(i) is an eligible institution; or

15 “(ii) is an institution of higher education
16 (as such term is defined in section 101(a)(2))
17 that provides a 4-year baccalaureate program,
18 is regionally accredited, and serves at least
19 1,500 Hispanic students;

20 “(B) at the time of application, has an en-
21 rollment of undergraduate full-time equivalent
22 students that is at least 25 percent Hispanic
23 students; and

1 “(C) provides assurances that not less than
2 50 percent of its Hispanic students are low-in-
3 come individuals.

4 “(2) ELIGIBLE INSTITUTION.—The term ‘eligi-
5 ble institution’ means—

6 “(A) an institution of higher education—

7 “(i) which has an enrollment of needy
8 students as required by subsection (b) of
9 this section;

10 “(ii) except as provided in section
11 522(b), the average educational and gen-
12 eral expenditures of which are low, per
13 full-time equivalent undergraduate student,
14 in comparison with the average educational
15 and general expenditures per full-time
16 equivalent undergraduate student of insti-
17 tutions that offer similar instruction;

18 “(iii) which is—

19 “(I) legally authorized to provide,
20 and provides within the State, an edu-
21 cational program for which such insti-
22 tution awards a bachelor’s degree; or

23 “(II) a junior or community col-
24 lege;

1 “(iv) which is accredited by a nation-
2 ally recognized accrediting agency or asso-
3 ciation determined by the Secretary to be
4 reliable authority as to the quality of train-
5 ing offered or which is, according to such
6 an agency or association, making reason-
7 able progress toward accreditation;

8 “(v) which meets such other require-
9 ments as the Secretary may prescribe; and

10 “(vi) which is located in a State; and

11 “(B) any branch of any institution of high-
12 er education described under subparagraph (A)
13 which by itself satisfies the requirements con-
14 tained in clauses (i) and (ii) of such subpara-
15 graph.

16 For purposes of the determination of whether an in-
17 stitution is an eligible institution under this para-
18 graph, the factor described under subparagraph
19 (A)(i) shall be given twice the weight of the factor
20 described under subparagraph (A)(ii).

21 “(3) LOW-INCOME INDIVIDUAL.—The term
22 ‘low-income individual’ means an individual from a
23 family whose taxable income for the preceding year
24 did not exceed 150 percent of an amount equal to

1 the poverty level determined by using criteria of pov-
2 erty established by the Bureau of the Census.

3 “(4) FULL-TIME EQUIVALENT STUDENTS.—The
4 term ‘full-time equivalent students’ means the sum
5 of the number of students enrolled full time at an
6 institution, plus the full-time equivalent of the num-
7 ber of students enrolled part time (determined on
8 the basis of the quotient of the sum of the credit
9 hours of all part-time students divided by 12) at
10 such institution.

11 “(5) JUNIOR OR COMMUNITY COLLEGE.—The
12 term ‘junior or community college’ means an institu-
13 tion of higher education—

14 “(A) that admits as regular students per-
15 sons who are beyond the age of compulsory
16 school attendance in the State in which the in-
17 stitution is located and who have the ability to
18 benefit from the training offered by the institu-
19 tion;

20 “(B) that does not provide an educational
21 program for which it awards a bachelor’s degree
22 (or an equivalent degree); and

23 “(C) that—

1 “(i) provides an educational program
2 of not less than 2 years that is acceptable
3 for full credit toward such a degree; or

4 “(ii) offers a 2-year program in engi-
5 neering, mathematics, or the physical or
6 biological sciences, designed to prepare a
7 student to work as a technician or at the
8 semiprofessional level in engineering, sci-
9 entific, or other technological fields requir-
10 ing the understanding and application of
11 basic engineering, scientific, or mathemati-
12 cal principles of knowledge.

13 “(6) EDUCATIONAL AND GENERAL EXPENDI-
14 TURES.—For the purpose of this part, the term
15 ‘educational and general expenditures’ means the
16 total amount expended by an institution of higher
17 education for instruction, research, public service,
18 academic support (including library expenditures),
19 student services, institutional support, scholarships
20 and fellowships, operation and maintenance expendi-
21 tures for the physical plant, and any mandatory
22 transfers which the institution is required to pay by
23 law.

1 “(7) ENDOWMENT FUND.—For the purpose of
2 this part, the term ‘endowment fund’ means a fund
3 that—

4 “(A) is established by State law, by an in-
5 stitution of higher education, or by a founda-
6 tion that is exempt from Federal income tax-
7 ation;

8 “(B) is maintained for the purpose of gen-
9 erating income for the support of the institu-
10 tion; and

11 “(C) does not include real estate.

12 “(b) ENROLLMENT OF NEEDY STUDENTS.—For the
13 purpose of this part, the term ‘enrollment of needy stu-
14 dents’ means an enrollment at an institution of higher
15 education or a junior or community college which in-
16 cludes—

17 “(1) at least 50 percent of the degree students
18 so enrolled who are receiving need-based assistance
19 under title IV of this Act in the second fiscal year
20 preceding the fiscal year for which the determination
21 is being made (other than loans for which an inter-
22 est subsidy is paid pursuant to section 428); or

23 “(2) a substantial percentage of students re-
24 ceiving Pell Grants in the second fiscal year preced-
25 ing the fiscal year for which determination is being

1 made, in comparison with the percentage of students
2 receiving Pell Grants at all such institutions in the
3 second fiscal year preceding the fiscal year for which
4 the determination is made, unless the requirement of
5 this subdivision is waived under section 522(a).

6 **“SEC. 503. AUTHORIZED ACTIVITIES.**

7 “(a) TYPES OF ACTIVITIES AUTHORIZED.—Grants
8 awarded under this part shall be used by Hispanic-serving
9 institutions of higher education to assist such institutions
10 to plan, develop, undertake, and carry out programs.

11 “(b) AUTHORIZED ACTIVITIES.—Grants awarded
12 under this section shall be used for one or more of the
13 following activities:

14 “(1) purchase, rental, or lease of scientific or
15 laboratory equipment for educational purposes, in-
16 cluding instructional and research purposes;

17 “(2) construction, maintenance, renovation, and
18 improvement in classrooms, libraries, laboratories,
19 and other instructional facilities;

20 “(3) support of faculty exchanges, faculty devel-
21 opment, curriculum development, academic instruc-
22 tion, and faculty fellowships to assist in attaining
23 advanced degrees in their field of instruction;

1 “(4) purchase of library books, periodicals, and
2 other educational materials, including telecommuni-
3 cations program material;

4 “(5) tutoring, counseling, and student service
5 programs designed to improve academic success;

6 “(6) funds management, administrative man-
7 agement, and acquisition of equipment for use in
8 strengthening funds management;

9 “(7) joint use of facilities, such as laboratories
10 and libraries;

11 “(8) establishing or improving a development
12 office to strengthen or improve contributions from
13 alumni and the private sector;

14 “(9) establishing or improving an endowment
15 fund;

16 “(10) creating or improving facilities for Inter-
17 net or other distance learning academic instruction
18 capabilities, including purchase or rental of tele-
19 communications technology equipment or services;

20 “(11) establishing or enhancing a program of
21 teacher education designed to qualify students to
22 teach in public elementary and secondary schools;

23 “(12) establishing community outreach pro-
24 grams which will encourage elementary and second-

1 ary school students to develop academic skills and
2 the interest to pursue postsecondary education;

3 “(13) improving and expanding graduate and
4 professional opportunities for Hispanic students; and

5 “(14) other activities proposed in the applica-
6 tion submitted pursuant to section 504 that—

7 “(A) contribute to carrying out the pur-
8 poses of this section; and

9 “(B) are approved by the Secretary as part
10 of the review and acceptance of such applica-
11 tion.

12 “(c) ENDOWMENT FUND LIMITATIONS.—

13 “(1) PORTION OF GRANT.—An institution may
14 not use more than 20 percent of its grant under this
15 part for any fiscal year for establishing or improving
16 an endowment fund.

17 “(2) MATCHING REQUIRED.—An institution
18 that uses any portion of its grant under this part for
19 any fiscal year for establishing or improving an en-
20 dowment fund shall provide an equal or greater
21 amount for such purposes from non-Federal funds.

22 “(3) REGULATIONS.—The Secretary shall pub-
23 lish rules and regulations specifically governing the
24 use of funds for establishing or improving an endow-
25 ment fund.

1 **“SEC. 504. APPLICATION PROCESS.**

2 “(a) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-
3 serving institution desiring to receive assistance under this
4 part shall submit to the Secretary such enrollment data
5 as may be necessary to demonstrate that it is a Hispanic-
6 serving institution, along with such other information and
7 data as the Secretary may by regulation require.

8 “(b) APPLICATIONS.—Any institution which is deter-
9 mined by the Secretary to be a Hispanic-serving institu-
10 tion (on the basis of the information and data submitted
11 under subsection (a)) may submit an application for as-
12 sistance under this section to the Secretary. Such applica-
13 tion shall include—

14 “(1) a 5-year plan for improving the assistance
15 provided by the Hispanic-serving institution to His-
16 panic and other low-income students; and

17 “(2) such other information and assurance as
18 the Secretary may require.

19 “(c) PRIORITY.—The Secretary shall give priority to
20 applications that contain satisfactory evidence that such
21 institution has entered into or will enter into a collabo-
22 rative arrangement with at least one local educational
23 agency or community-based organization having dem-
24 onstrated effectiveness to provide such agency with assist-
25 ance (from funds other than funds provided under this
26 part) in reducing Hispanic dropout rates, improving His-

1 panic rates of academic achievement, and increasing the
2 rates at which Hispanic high school graduates enroll in
3 higher education.

4 “(d) SPECIAL RULE.—For the purposes of this part,
5 no Hispanic-serving college or university which is eligible
6 for and receives funds under this part may concurrently
7 receive other funds under title III.

8 **“SEC. 505. DURATION OF GRANT.**

9 “(a) AWARD PERIOD.—The Secretary may award a
10 grant to an eligible institution under this part for 5 years,
11 except that no institution shall be eligible to secure a sub-
12 sequent 5-year grant award under this part until two years
13 have elapsed since the expiration of its most recent 5-year
14 grant award.

15 “(b) LIMITATIONS.—In awarding grants under this
16 part the Secretary shall give priority to applicants who are
17 not already receiving a grant under this part, except that
18 for the purpose of this subsection a grant under section
19 524(a)(1) shall not be considered a grant under this part.

20 “(c) PLANNING GRANTS.—Notwithstanding sub-
21 section (a), the Secretary may award a grant to an eligible
22 institution under this part for a period of one year for
23 the purpose of preparation of plans and applications for
24 a grant under this part.

1 **“PART B—GENERAL PROVISIONS**

2 **“SEC. 521. APPLICATIONS FOR ASSISTANCE.**

3 “(a) APPLICATIONS.—

4 “(1) APPLICATIONS REQUIRED.—Any institu-
5 tion which is eligible for assistance under this title
6 shall submit to the Secretary an application for as-
7 sistance at such time, in such form, and containing
8 such information, as may be necessary to enable the
9 Secretary to evaluate its need for assistance. Subject
10 to the availability of appropriations to carry out this
11 title, the Secretary may approve an application for
12 a grant under this title only if the Secretary deter-
13 mines that—

14 “(A) the application meets the require-
15 ments of subsection (b);

16 “(B) the applicant is eligible for assistance
17 in accordance with the part of this title under
18 which the assistance is sought; and

19 “(C) the applicant’s performance goals are
20 sufficiently rigorous as to meet the purposes of
21 this title and the performance objectives and in-
22 dicators for this title established by the Sec-
23 retary pursuant to the Government Perform-
24 ance and Results Act.

25 “(2) PRELIMINARY APPLICATIONS.—In carrying
26 out paragraph (1), the Secretary shall develop a pre-

1 liminary application for use by eligible institutions
2 applying under part A prior to the submission of the
3 principal application.

4 “(b) CONTENTS.—An institution, in its application
5 for a grant, shall—

6 “(1) set forth, or describe how the institution
7 will develop, a comprehensive development plan to
8 strengthen the institution’s academic quality and in-
9 stitutional management, and otherwise provide for
10 institutional self-sufficiency and growth (including
11 measurable objectives for the institution and the
12 Secretary to use in monitoring the effectiveness of
13 activities under this title);

14 “(2) set forth policies and procedures to ensure
15 that Federal funds made available under this title
16 for any fiscal year will be used to supplement and,
17 to the extent practical, increase the funds that would
18 otherwise be made available for the purposes of sec-
19 tion 503, and in no case supplant those funds;

20 “(3) set forth policies and procedures for evalu-
21 ating the effectiveness in accomplishing the purpose
22 of the activities for which a grant is sought under
23 this title;

24 “(4) provide for such fiscal control and fund ac-
25 counting procedures as may be necessary to ensure

1 proper disbursement of and accounting for funds
2 made available to the applicant under this title;

3 “(5) provide (A) for making such reports, in
4 such form and containing such information, as the
5 Secretary may require to carry out the functions
6 under this title and the Government Performance
7 and Results Act, including not less than one report
8 annually setting forth the institution’s progress to-
9 ward achieving the objectives for which the funds
10 were awarded, and (B) for keeping such records and
11 affording such access thereto, as the Secretary may
12 find necessary to assure the correctness and verifica-
13 tion of such reports;

14 “(6) provide that the institution will comply
15 with the limitations set forth in section 526;

16 “(7) describe in a comprehensive manner any
17 proposed project for which funds are sought under
18 the application and include—

19 “(A) a description of the various compo-
20 nents of the proposed project, including the es-
21 timated time required to complete each such
22 component;

23 “(B) in the case of any development
24 project which consists of several components (as
25 described by the applicant pursuant to subpara-

graph (A)), a statement identifying those components which, if separately funded, would be sound investments of Federal funds and those components which would be sound investments of Federal funds only if funded under this title in conjunction with other parts of the development project (as specified by the applicant);

“(C) an evaluation by the applicant of the priority given any proposed project for which funds are sought in relation to any other projects for which funds are sought by the applicant under this title, and a similar evaluation regarding priorities among the components of any single proposed project (as described by the applicant pursuant to subparagraph (A));

“(D) a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

“(E) a detailed description of any activity which involves the expenditure of more than \$25,000, as identified in the budget referred to in subparagraph (D); and

“(8) include such other information as the Secretary may prescribe.

1 “(c) PRIORITY CRITERIA PUBLICATION RE-
2 QUIRED.—The Secretary shall publish in the Federal Reg-
3 ister, pursuant to chapter 5 of title 5, United States Code,
4 all policies and procedures required to exercise the author-
5 ity set forth in subsection (a). No other criteria, policies,
6 or procedures shall apply.

7 “(d) ELIGIBILITY DATA.—The Secretary shall use
8 the most recent and relevant data concerning the number
9 and percentage of students receiving need-based assist-
10 ance under title IV of this Act in making eligibility deter-
11 minations and shall advance the base-year forward follow-
12 ing each annual grant cycle.

13 **“SEC. 522. WAIVER AUTHORITY AND REPORTING REQUIRE-**
14 **MENT.**

15 “(a) WAIVER REQUIREMENTS; NEED-BASED ASSIST-
16 ANCE STUDENTS.—The Secretary may waive the require-
17 ments set forth in section 502(a)(2)(A)(i) in the case of
18 an institution—

19 “(1) which is extensively subsidized by the
20 State in which it is located and charges low or no
21 tuition;

22 “(2) which serves a substantial number of low-
23 income students as a percentage of its total student
24 population;

1 “(3) which is contributing substantially to in-
2 creasing higher education opportunities for educa-
3 tionally disadvantaged, underrepresented, or minor-
4 ity students, who are low-income individuals;

5 “(4) which is substantially increasing higher
6 educational opportunities for individuals in rural or
7 other isolated areas which are unserved by post-
8 secondary institutions; or

9 “(5) wherever located, if the Secretary deter-
10 mines that the waiver will substantially increase
11 higher education opportunities appropriate to the
12 needs of Hispanic Americans.

13 “(b) WAIVER DETERMINATIONS; EXPENDITURES.—

14 (1) The Secretary may waive the requirements set forth
15 in section 502(a)(2)(A)(ii) if the Secretary determines,
16 based on persuasive evidence submitted by the institution,
17 that the institution’s failure to meet that criterion is due
18 to factors which, when used in the determination of com-
19 pliance with such criterion, distort such determination,
20 and that the institution’s designation as an eligible institu-
21 tion under part A is otherwise consistent with the pur-
22 poses of such part.

23 “(2) The Secretary shall submit to the Congress
24 every other year a report concerning the institutions
25 which, although not satisfying the criterion contained in

1 section 502(a)(2)(A)(ii), have been determined to be eligi-
2 ble institutions under part A institutions which enroll sig-
3 nificant numbers of Black American, Hispanic, Native
4 American, Asian American, or Native Hawaiian students
5 under part A, as the case may be. Such report shall—

6 “(A) identify the factors referred to in para-
7 graph (1) which were considered by the Secretary as
8 factors that distorted the determination of compli-
9 ance with section 502(a)(2)(A)(ii); and

10 “(B) contain a list of each institution deter-
11 mined to be an eligible institution under part A in-
12 cluding a statement of the reasons for each such de-
13 termination.

14 **“SEC. 523. APPLICATION REVIEW PROCESS.**

15 “(a) REVIEW PANEL.—All applications submitted
16 under this title by institutions of higher education shall
17 be read by a panel of readers composed of individuals se-
18 lected by the Secretary. The Secretary shall assure that
19 no individual assigned under this section to review any ap-
20 plication has any conflict of interest with regard to the
21 application which might impair the impartiality with which
22 the individual conducts the review under this section.

23 “(2) All readers selected by the Secretary shall re-
24 ceive thorough instruction from the Secretary regarding
25 the evaluation process for applications submitted under

1 this title and consistent with the provisions of this title,
2 including—

3 “(A) an enumeration of the factors to be used
4 to determine the quality of applications submitted
5 under this title; and

6 “(B) an enumeration of the factors to be used
7 to determine whether a grant should be awarded for
8 a project under this title, the amount of any such
9 grant, and the duration of any such grant.

10 “(b) RECOMMENDATIONS OF PANEL.—In awarding
11 grants under this title, the Secretary shall take into con-
12 sideration the recommendations of the panel made under
13 subsection (a).

14 “(c) NOTIFICATION.—Not later than June 30 of each
15 year, the Secretary shall notify each institution of higher
16 education making an application under this title of—

17 “(1) the scores given the applicant by the panel
18 pursuant to this section;

19 “(2) the recommendations of the panel with re-
20 spect to such application; and

21 “(3) the reasons for the decision of the Sec-
22 retary in awarding or refusing to award a grant
23 under this title, and any modifications, if any, in the
24 recommendations of the panel made by the Sec-
25 retary.

1 **“SEC. 524. COOPERATIVE ARRANGEMENTS.**

2 “(a) GENERAL AUTHORITY.—The Secretary may
3 make grants to encourage cooperative arrangements with
4 funds available to carry out part A, between institutions
5 eligible for assistance under part A and between such in-
6 stitutions and institutions not receiving assistance under
7 this title for the activities described in section 503 so that
8 the resources of the cooperating institutions might be com-
9 bined and shared to achieve the purposes of such part and
10 avoid costly duplicative efforts and to enhance the develop-
11 ment of part A eligible institutions.

12 “(b) PRIORITY.—The Secretary shall give priority to
13 grants for the purposes described under subsection (a)
14 whenever the Secretary determines that the cooperative
15 arrangement is geographically and economically sound or
16 will benefit the applicant institution.

17 “(c) DURATION.—Grants to institutions having a co-
18 operative arrangement may be made under this section for
19 a period as determined under section 505.

20 **“SEC. 525. ASSISTANCE TO INSTITUTIONS UNDER OTHER**
21 **PROGRAMS.**

22 “(a) ASSISTANCE ELIGIBILITY.—Each institution
23 which the Secretary determines to be an institution eligible
24 under part A may be eligible for waivers in accordance
25 with subsection (b).

1 “(b) WAIVER APPLICABILITY.—(1) Subject to, and in
2 accordance with, regulations promulgated for the purpose
3 of this section, in the case of any application by an institu-
4 tion referred to in subsection (a) for assistance under any
5 programs specified in paragraph (2), the Secretary is au-
6 thorized, if such application is otherwise approvable, to
7 waive any requirement for a non-Federal share of the cost
8 of the program or project, or, to the extent not inconsis-
9 ent with other law, to give, or require to be given, priority
10 consideration of the application in relation to applications
11 from other institutions.

12 “(2) The provisions of this section shall apply to any
13 program authorized by title IV or VII of this Act.

14 “(c) LIMITATION.—The Secretary shall not waive,
15 under subsection (b), the non-Federal share requirement
16 for any program for applications which, if approved, would
17 require the expenditure of more than 10 percent of the
18 appropriations for the program for any fiscal year.

19 **“SEC. 526. LIMITATIONS.**

20 The funds appropriated under section 528 may not
21 be used—

22 “(1) for a school or department of divinity or
23 any religious worship or sectarian activity;

1 “(2) for an activity that is inconsistent with a
2 State plan for desegregation of higher education ap-
3 plicable to such institution;

4 “(3) for an activity that is inconsistent with a
5 State plan of higher education applicable to such in-
6 stitution; or

7 “(4) for purposes other than the purposes set
8 forth in the approved application under which the
9 funds were made available to the institution.

10 **“SEC. 527. PENALTIES.**

11 Whoever, being an officer, director, agent, or em-
12 ployee of, or connected in any capacity with, any recipient
13 of Federal financial assistance or grant pursuant to this
14 title embezzles, willfully misapplies, steals, or obtains by
15 fraud any of the funds which are the subject of such grant
16 or assistance, shall be fined not more than \$10,000 or im-
17 prisoned for not more than 2 years, or both.

18 **“SEC. 528. AUTHORIZATIONS OF APPROPRIATIONS.**

19 “(a) AUTHORIZATIONS.—There are authorized to be
20 appropriated to carry out part A, \$80,000,000 for fiscal
21 year 1999, and such sums as may be necessary for each
22 of the 4 succeeding fiscal years.

23 “(b) USE OF MULTIPLE YEAR AWARDS.—In the
24 event of a multiple year award to any institution under
25 this title, the Secretary shall make funds available for such

1 award from funds appropriated for this title for the fiscal
2 year in which such funds are to be used by the recipient.”.

3 **TITLE VI—INTERNATIONAL AND**
4 **GRADUATE EDUCATION PRO-**
5 **GRAMS**

6 **SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE**
7 **STUDIES.**

8 (a) STATUTORY STRUCTURE.—Title VI is amended—
9 (1) by striking

10 **“PART A—INTERNATIONAL AND FOREIGN**
11 **LANGUAGE STUDIES”**

12 and inserting the following:

13 **“PART A—INTERNATIONAL EDUCATION**
14 **“Subpart 1—International and Foreign Language**
15 **Studies”;**

16 (2) by striking

17 **“PART B—BUSINESS AND INTERNATIONAL**
18 **EDUCATION PROGRAMS”**

19 and inserting the following:

20 **“Subpart 2—Business and International Education**
21 **Programs”;**

22 (3) by striking

23 **“PART C—INSTITUTE FOR INTERNATIONAL**
24 **PUBLIC POLICY”**

25 and inserting the following:

1 **“Subpart 3—Institute for International Public**
2 **Policy”**; and

3 (4) by striking

4 **“PART D—GENERAL PROVISIONS”**

5 and inserting the following:

6 **“Subpart 4—General Provisions”.**

7 (b) FINDINGS AND PURPOSES.—Section 601 (20
8 U.S.C. 1121) is amended to read as follows:

9 **“SEC. 601. FINDINGS AND PURPOSES.**

10 “(a) FINDINGS.—The Congress finds as follows:

11 “(1) The security, stability, and economic vital-
12 ity of the United States in a complex global era de-
13 pend upon American experts in and citizens knowl-
14 edgeable about world regions, foreign languages and
15 international affairs, as well as on a strong research
16 base in these areas.

17 “(2) Advances in communications technology
18 and the growth of regional and global problems
19 make knowledge of other countries and the ability to
20 communicate in other languages more essential to
21 the promotion of mutual understanding and coopera-
22 tion among nations and their peoples.

23 “(3) Dramatic post-Cold War changes in the
24 world’s geopolitical and economic landscapes are cre-
25 ating needs for American expertise and knowledge

1 about a greater diversity of less commonly taught
2 foreign languages and nations of the world.

3 “(4) Systematic efforts are necessary to en-
4 hance the capacity of institutions of higher edu-
5 cation in the United States and to encourage a
6 broader cross-section of institutions of higher edu-
7 cation to develop and expand programs for produc-
8 ing graduates with international and foreign lan-
9 guage expertise and knowledge, and research on
10 such areas, in a variety of disciplines and at all lev-
11 els of graduate and undergraduate education.

12 “(5) Cooperative efforts among the Federal
13 Government, institutions of higher education, and
14 the private sector are necessary to promote the gen-
15 eration and dissemination of information about
16 world regions, foreign languages, and international
17 affairs throughout education, government, business,
18 civic, and nonprofit sectors in the United States.

19 “(b) PURPOSES.—The purposes of this part are—

20 “(1)(A) to support centers, programs and fel-
21 lowships in institutions of higher education in the
22 United States for producing increased numbers of
23 trained personnel and research in foreign languages,
24 area and other international studies;

1 “(B) to develop a pool of international experts
2 to meet national needs;

3 “(C) to develop and validate specialized mate-
4 rials and techniques for foreign language acquisition
5 and fluency, emphasizing (but not limited to) the
6 less commonly taught languages;

7 “(D) to promote access to research and training
8 overseas; and

9 “(E) to advance the internationalization of a
10 variety of disciplines throughout undergraduate and
11 graduate education;

12 “(2) to support cooperative efforts promoting
13 access to and the dissemination of international and
14 foreign language knowledge, teaching materials and
15 research throughout education, government, busi-
16 ness, civic and nonprofit sectors in the United States
17 through the use of advanced technologies; and

18 “(3) to coordinate the programs of the Federal
19 Government in the areas of foreign language, area
20 and other international studies, including profes-
21 sional international affairs education and research.”.

22 (c) GRADUATE AND UNDERGRADUATE NATIONAL
23 RESOURCE CENTERS.—

24 (1) NATIONAL RESOURCE CENTERS.—Section
25 602(a) (20 U.S.C. 1122(a)) is amended—

1 (A) in the heading, by striking “NATIONAL
2 LANGUAGE AND AREA CENTERS AUTHORIZED”
3 and inserting “NATIONAL RESOURCE CENTERS
4 FOR FOREIGN LANGUAGE AND AREA OR
5 INTERNATIONAL STUDIES AUTHORIZED”;

6 (B) in paragraph (1)(A), by striking “com-
7 prehensive language and area centers” and in-
8 serting “comprehensive foreign language and
9 area or international studies centers”;

10 (C) in paragraph (1)(B), by striking “lan-
11 guage and area centers” and inserting “foreign
12 language and area or international studies cen-
13 ters”; and

14 (D) by striking paragraph (2) and insert-
15 ing the following:

16 “(2) AUTHORIZED ACTIVITIES.—

17 “(A) IN GENERAL.—Any grant made
18 under paragraph (1) may be used to pay all or
19 part of the cost of establishing or operating a
20 center or program, in accordance with this sub-
21 section.

22 “(B) MANDATORY ACTIVITIES.—Activities
23 to be conducted by centers assisted under this
24 subsection shall include—

1 “(i) support for the instruction of for-
2 eign languages and the offering of courses
3 in a variety of nonlanguage disciplines that
4 cover the center’s subject area or topic,
5 and the incorporation of such instruction
6 in baccalaureate and graduate programs of
7 study in a variety of disciplinary, inter-
8 disciplinary, or professional fields;

9 “(ii) support for teaching and re-
10 search materials, including library acqui-
11 sitions, in the center’s subject area or topic;

12 “(iii) programs of outreach or linkage
13 with State and local educational agencies,
14 postsecondary education institutions at all
15 levels, professional schools, government,
16 business, media, or the general public; and

17 “(iv) program coordination and devel-
18 opment, curriculum planning and develop-
19 ment, and student advisement.

20 “(C) PERMISSIBLE ACTIVITIES.—Activities
21 to be conducted by centers assisted under this
22 subsection may include—

23 “(i) support for the creation of faculty
24 positions in disciplines that are underrep-

1 resented in the center’s instructional pro-
2 gram;

3 “(ii) establishment and maintenance
4 of linkages with overseas institutions of
5 higher education for the purpose of con-
6 tributing to the teaching and research of
7 the center;

8 “(iii) support for bringing visiting
9 scholars and faculty to the center to teach
10 or conduct research;

11 “(iv) professional development of the
12 center’s faculty and staff;

13 “(v) projects conducted in cooperation
14 with other National Resource Centers ad-
15 dressing themes of world regional, cross-re-
16 gional, international, or global importance;

17 “(vi) summer institutes in the United
18 States or abroad designed to provide lan-
19 guage and area training in the center’s
20 field or topic; and

21 “(vii) support for faculty, staff, and
22 student travel in foreign areas, regions, or
23 countries, and for the development and
24 support of educational programs abroad
25 for students.”.

1 (2) GRADUATE FELLOWSHIPS; EXPENSE LIM-
2 TATIONS.—Section 602 is further amended by strik-
3 ing subsections (b) and (c) and inserting the follow-
4 ing:

5 “(b) GRADUATE FELLOWSHIPS FOR FOREIGN LAN-
6 GUAGE AND AREA OR INTERNATIONAL STUDIES.—

7 “(1) AUTHORITY.—The Secretary is authorized
8 to make grants to institutions of higher education or
9 combinations of such institutions for the purpose of
10 paying fellowships to individuals undergoing ad-
11 vanced training in any center or program approved
12 by the Secretary under this part.

13 “(2) ELIGIBLE STUDENTS.—Students receiving
14 fellowships described in paragraph (1) shall be indi-
15 viduals who are engaged in an instructional program
16 with stated performance goals for functional foreign
17 language use or in a program developing such per-
18 formance goals, in combination with area studies,
19 international studies, or the international aspects of
20 a professional studies program, including
21 predissertation level studies, preparation for dis-
22 sertation research, dissertation research abroad, and
23 dissertation writing.

24 “(c) RULES WITH RESPECT TO EXPENSES.—

1 “(1) UNDERGRADUATE TRAVEL.—No funds
2 may be expended under this part for undergraduate
3 travel except in accordance with rules prescribed by
4 the Secretary setting forth policies and procedures
5 to assure that Federal funds made available for such
6 travel are expended as part of a formal program of
7 supervised study.

8 “(2) GRADUATE DEPENDENT AND TRAVEL EX-
9 PENSES.—Fellowships awarded to graduate level re-
10 cipients may include allowances for dependents and
11 for travel for research and study in the United
12 States and abroad.”.

13 (d) LANGUAGE RESOURCE CENTERS.—Section
14 603(a) (20 U.S.C. 1123(a)) is amended—

15 (1) by striking paragraph (5) and inserting the
16 following:

17 “(5) a significant focus on the teaching and
18 learning needs of the less commonly taught lan-
19 guages, including an assessment of the strategic
20 needs, the determination of ways to meet those
21 needs nationally, and the publication and dissemina-
22 tion of instructional materials in the less commonly
23 taught languages;”;

24 (2) by striking the period at the end of para-
25 graph (6) and inserting “; and”; and

1 (3) by inserting after paragraph (6) the follow-
2 ing new paragraph:

3 “(7) the operation of intensive summer lan-
4 guage institutes to train advanced foreign language
5 students, provide professional development, and im-
6 prove language instruction through preservice and
7 inservice language training for teachers.”.

8 (e) UNDERGRADUATE INTERNATIONAL STUDIES AND
9 FOREIGN LANGUAGE PROGRAMS.—Section 604 (20
10 U.S.C. 1124) is amended—

11 (1) in the heading of subsection (a), by striking
12 “INCENTIVES” and all that follows through “PRO-
13 GRAMS” and inserting “PROGRAM INCENTIVES”;

14 (2) in subsection (a)(1)—

15 (A) by striking “or combinations of such
16 institutions” in the first sentence and inserting
17 “, combinations of such institutions, or partner-
18 ships between nonprofit educational organiza-
19 tions and such institutions,”;

20 (B) by striking “a program” and inserting
21 “programs”; and

22 (C) by striking the second sentence and in-
23 serting the following: “Such grants shall be
24 awarded for the purpose of seeking to create
25 new programs or to strengthen existing pro-

1 grams in undergraduate area studies, foreign
2 languages, and other international fields.”;

3 (3) by striking paragraphs (2) and (3) and in-
4 serting the following:

5 “(2) USE OF FUNDS.—Grants made under this
6 section may be used for Federal share of the cost of
7 projects and activities which are an integral part of
8 such a program, such as—

9 “(A) planning for the development and ex-
10 pansion of programs in undergraduate inter-
11 national studies, and foreign languages and the
12 internationalization of undergraduate education;

13 “(B) teaching, research, curriculum devel-
14 opment, and other related activities;

15 “(C) training of faculty members in for-
16 eign countries;

17 “(D) expansion of existing and develop-
18 ment of new opportunities for learning foreign
19 languages, including the less commonly taught
20 languages;

21 “(E) programs under which foreign teach-
22 ers and scholars may visit institutions as visit-
23 ing faculty;

24 “(F) international education programs de-
25 signed to develop or enhance linkages between

1 two- and four-year institutions of higher edu-
2 cation, or baccalaureate and postbaccalaureate
3 programs or institutions;

4 “(G) the development of an international
5 dimension in preservice and inservice teacher
6 training;

7 “(H) the development of undergraduate
8 educational programs in locations abroad where
9 such opportunities are not otherwise available
10 or which serve students for whom such opportu-
11 nities are not otherwise available and which
12 provide courses that are closely related to on-
13 campus foreign language and international cur-
14 ricula;

15 “(I) the integration of new and continuing
16 education abroad opportunities for undergradu-
17 ate students into curricula of specific degree
18 programs;

19 “(J) the development of model programs to
20 enrich or enhance the effectiveness of edu-
21 cational programs abroad, including
22 predeparture and postreturn programs, and the
23 integration of educational programs abroad into
24 the curriculum of the home institution;

1 “(K) the expansion of library and teaching
2 resources;

3 “(L) the development of programs de-
4 signed to integrate professional and technical
5 education with area studies, foreign languages,
6 and other international fields;

7 “(M) the establishment of linkages over-
8 seas with institutions of higher education and
9 organizations that contribute to the educational
10 objectives of this subsection;

11 “(N) the conduct of summer institutes in
12 foreign area and other international fields to
13 provide faculty and curriculum development, in-
14 cluding the integration of professional and tech-
15 nical education with foreign area and other
16 international studies, and to provide foreign
17 area and other international knowledge or skills
18 to government personnel or private sector pro-
19 fessionals in international activities;

20 “(O) the development of partnerships be-
21 tween institutions of higher education and the
22 private sector, government, and elementary and
23 secondary education institutions to enhance
24 international knowledge and skills; and

1 “(P) the use of innovative technology to in-
2 crease access to international education pro-
3 grams.

4 “(3) NON-FEDERAL SHARE.—The non-Federal
5 share of the cost of the programs assisted under this
6 subsection may be provided in cash from the private
7 sector corporations or foundations in an amount
8 equal to one-third of the total requested grant
9 amount, or may be provided as in-cash or in-kind
10 contribution from institutional and noninstitutional
11 funds, including State and private sector corporation
12 or foundation contributions, equal to one-half of the
13 total requested grant amount.”;

14 (4) by adding at the end of subsection (a) the
15 following new paragraphs:

16 “(5) SPECIAL RULE.—The Secretary may waive
17 or reduce the required non-Federal share for title
18 III-eligible institutions which have submitted a grant
19 application under this section.

20 “(6) EVALUATION CRITERIA AND REPORT.—As
21 a condition for the award of any grant under this
22 subsection, the Secretary may establish criteria for
23 evaluating programs and require an annual report
24 which evaluates the progress and performance of
25 students in such programs.”.

1 (5) by striking subsection (b);

2 (6) by redesignating subsection (c) as sub-
3 section (b); and

4 (7) by adding at the end the following new sub-
5 section:

6 “(c) FUNDING SUPPORT.—The Secretary may use no
7 more than 10 percent of the total amount appropriated
8 for this part for carrying out the purposes of this sec-
9 tion.”.

10 (f) INTENSIVE SUMMER LANGUAGE INSTITUTES.—
11 Section 605 (20 U.S.C. 1124a) is repealed.

12 (g) RESEARCH; STUDIES; ANNUAL REPORT.—Section
13 606(a) (20 U.S.C. 1125(a)) is amended—

14 (1) in paragraph (4), by inserting before the
15 semicolon at the end the following: “, area studies,
16 or other international fields”;

17 (2) by striking “and” at the end of paragraph
18 (5);

19 (3) by striking the period at the end of para-
20 graph (6) and inserting “; and”; and

21 (4) by inserting after paragraph (6) the follow-
22 ing new paragraph:

23 “(7) studies and surveys of the uses of tech-
24 nology in foreign language, area and international
25 studies programs.”.

1 (h) PERIODICALS.—Section 607 (20 U.S.C. 1125a)
2 is amended to read as follows:

3 **“SEC. 607. TECHNOLOGICAL INNOVATION AND COOPERA-**
4 **TION FOR FOREIGN INFORMATION ACCESS.**

5 “(a) AUTHORITY.—The Secretary is authorized to
6 make grants to institutions of higher education, public or
7 nonprofit private library institutions, or consortia of such
8 institutions, to develop innovative techniques or programs
9 using new electronic technologies to collect, organize, pre-
10 serve and widely disseminate information on world regions
11 and countries other than the United States that address
12 the nation’s teaching and research needs in international
13 education and foreign languages.

14 “(b) AUTHORIZED ACTIVITIES.—Grants under this
15 section may be used—

16 “(1) to facilitate access to or preserve foreign
17 information resources in print or electronic forms;

18 “(2) to develop new means of immediate, full-
19 text document delivery for information and scholar-
20 ship from abroad;

21 “(3) to develop new means of shared electronic
22 access to international data;

23 “(4) to support collaborative projects of index-
24 ing, cataloging, and other means of bibliographic ac-

1 cess for scholars to important research materials
2 published or distributed outside the United States;

3 “(5) to develop methods for the wide dissemina-
4 tion of resources written in non-Roman language
5 alphabets;

6 “(6) to assist teachers of less commonly taught
7 languages in acquiring, via electronic and other
8 means, materials suitable for classroom use; and

9 “(7) to promote collaborative technology based
10 projects in foreign languages, area and international
11 studies among grant recipients under this title.

12 “(c) APPLICATION.—Each institution or consortium
13 desiring a grant under this section shall submit an appli-
14 cation to the Secretary at such time, in such manner, and
15 accompanied by such information and assurances as the
16 Secretary may reasonably require.

17 “(d) MATCH REQUIRED.—The Federal share of the
18 total cost of carrying out a program supported by a grant
19 under this section shall not be more than 66⅔ percent.
20 The non-Federal share of such cost may be provided either
21 in-kind or in cash, and may include contributions from pri-
22 vate sector corporations or foundations.”.

23 (i) DEVELOPMENT GRANTS.—Section 610 (20 U.S.C.
24 1127) is amended by adding at the end the following new
25 subsection:

1 “(d) DEVELOPMENT GRANTS AUTHORIZED.—The
2 Secretary is encouraged to consider the establishment of
3 new centers, and may use at least 10 percent of the funds
4 available for this section to make grants for the establish-
5 ment of such new centers.”.

6 (j) AUTHORIZATION OF APPROPRIATIONS.—Section
7 610A (20 U.S.C. 1128) is amended by striking “1993”
8 and inserting “1999”.

9 (k) CONFORMING AMENDMENT.—Title VI is further
10 amended by redesignating sections 606, 607, 608, 609,
11 610, and 610A as sections 605 through 610, respectively.

12 **SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PRO-**
13 **GRAMS.**

14 (a) CENTERS FOR INTERNATIONAL BUSINESS EDU-
15 CATION.—Section 612 (20 U.S.C. 1130–1) is amended—

16 (1) in subsection (c)(1)(B), by striking “ad-
17 vanced”;

18 (2) in subsection (c)(1)(C), by striking “evening
19 or summer programs,” and inserting “programs”;

20 (3) in subsection (c)(2)—

21 (A) by striking “and” at the end of sub-
22 paragraph (E);

23 (B) by redesignating subparagraph (F) as
24 subparagraph (G); and

1 (C) by inserting after subparagraph (E)
 2 the following new subparagraph:

3 “(F) professional graduate degrees in
 4 translation and interpretation; and”; and

5 (4) in subsection (d)(2)(G), by inserting before
 6 the period at the end the following: “, such as a rep-
 7 resentative of a community college in the region
 8 served by the center”.

9 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
 10 614 (20 U.S.C. 1130b) is amended by striking “1993”
 11 each place it appears and inserting “1999”.

12 (c) TECHNICAL AMENDMENT.—The heading of sec-
 13 tion 611 (20 U.S.C. 1130) is amended to read as follows:
 14 **“SEC. 611. FINDINGS AND PURPOSES.”.**

15 **SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.**

16 (a) MINORITY FOREIGN SERVICE PROFESSIONAL
 17 DEVELOPMENT PROGRAM.—Section 621(e) (20 U.S.C.
 18 1131(e)) is amended by striking “one-fourth” and insert-
 19 ing “one-half”.

20 (b) JUNIOR YEAR AND SUMMER ABROAD PRO-
 21 GRAM.—Section 622 (20 U.S.C. 1131a) is amended—

22 (1) in the heading of such section, by inserting
 23 **“AND SUMMER”** after **“YEAR”**;

24 (2) in subsection (a)—

1 (A) by striking “shall conduct” and insert-
2 ing “is authorized to conduct”;

3 (B) by inserting “and summer” after “jun-
4 ior year” each place it appears in the first and
5 second sentences;

6 (C) by inserting “in a junior year abroad
7 program” after “Each student” in the last sen-
8 tence;

9 (3) in subsection (b)(2), by inserting “or sum-
10 mer” after “junior year”; and

11 (4) in subsection (c)—

12 (A) by inserting “or summer abroad pro-
13 gram” after “junior year abroad program” each
14 place it appears; and

15 (B) by striking “abroad or internship” and
16 inserting “abroad, summer abroad, or intern-
17 ship”.

18 (c) INTERNSHIPS.—Section 624 (20 U.S.C. 1132c)
19 is amended—

20 (1) by striking “The Institute” and inserting
21 “(a) IN GENERAL.—The Institute”; and

22 (2) by adding at the end the following new sub-
23 section:

24 “(b) POSTBACCALAUREATE INTERNSHIPS.—The In-
25 stitute shall enter into agreements with institutions of

1 higher education described in the first sentence of sub-
2 section (a) to conduct internships in Washington, D.C.,
3 for students who have completed study for the bacca-
4 laureate degree. The Internship program authorized by
5 this subsection shall—

6 “(1) be designated to assist the students to pre-
7 pare for a master’s degree program;

8 “(2) be carried out with the assistance of the
9 Woodrow Wilson Fellowship program;

10 “(3) contain work experience for the students
11 designated to contribute to the objectives set forth in
12 paragraph (1); and

13 “(4) contain such other elements as the Insti-
14 tute determines will carry out the objectives of this
15 subsection.”.

16 (d) NEW PROGRAMS.—Title VI is further amended—

17 (1) by redesignating sections 625 through 627
18 (20 U.S.C. 1131d–1131f) as sections 627 through
19 629; and

20 (2) by inserting after section 624 the following
21 new sections:

22 **“SEC. 625. INSTITUTIONAL DEVELOPMENT.**

23 “(a) IN GENERAL.—The Institute shall make grants,
24 from amounts available to it in each fiscal year, to Histori-
25 cally Black Colleges and Universities, Hispanic-serving In-

stitutions, Tribally Controlled Indian Community Colleges,
and minority institutions, to enable such colleges, univer-
sities, and institutions to strengthen international affairs
programs.

“(b) APPLICATION.—No grant may be made by the
Institute under this section unless an application is made
by the college, university, or institution at such time, in
such manner, and accompanied by such information as the
Institute may require.

“(c) DEFINITIONS.—As used in this section—

“(1) the term ‘Historically Black College and
University’ has the same meaning given the term by
section 322(2) of this Act;

“(2) the term ‘Hispanic-serving Institution’ has
the same meaning given the term by section
316(b)(1) of this Act;

“(3) the term ‘Tribally controlled Indian com-
munity college’ has the same meaning given that
term by the Tribally Controlled Community College
Assistance Act of 1978; and

“(4) the term ‘minority institution’ has the
same meaning given that term in section 347 of this
Act.

1 **“SEC. 626. INTERAGENCY COMMITTEE ON MINORITY CA-**
2 **REERS IN INTERNATIONAL AFFAIRS.**

3 “(a) ESTABLISHMENT.—There is established in the
4 executive branch of the Federal Government an Inter-
5 agency Committee on Minority Careers in International
6 Affairs composed of 7 members. The members of the Com-
7 mittee shall be—

8 “(1) the Undersecretary for International Af-
9 fairs and Commodity Programs of the Department
10 of Agriculture, appointed by the Secretary of Agri-
11 culture;

12 “(2) the Assistant Secretary and Director Gen-
13 eral, the Commercial Service of the Department of
14 Commerce, appointed by the Secretary of Commerce;

15 “(3) the Undersecretary of Defense for Person-
16 nel and Readiness of the Department of Defense,
17 appointed by the Secretary of Defense;

18 “(4) the Assistant Secretary for Postsecondary
19 Education in the Department of Education, ap-
20 pointed by the Secretary of Education;

21 “(5) the Director General of the Foreign Serv-
22 ice of the Department of State, appointed by the
23 Secretary of State;

24 “(6) the General Counsel of the Agency for
25 International Development, appointed by the Admin-
26 istrator; and

1 “(7) the Associate Director for Educational and
 2 Cultural Affairs of the United States Information
 3 Agency, appointed by the Director.

4 “(b) FUNCTIONS.—The Interagency Committee es-
 5 tablished by this section shall—

6 “(1) advise the Secretary and the Institute with
 7 respect to programs authorized by this part; and

8 “(2) promote policies in each department and
 9 agency participating on the Committee that are de-
 10 signed to carry out the objectives of this part.”.

11 (e) AUTHORIZATION.—Section 629 (20 U.S.C.
 12 1131f) (as redesignated by subsection (d)) is amended by
 13 striking “1993” and inserting “1999”.

14 **SEC. 604. GENERAL PROVISIONS.**

15 (a) DEFINITIONS.—Section 631(a) (20 U.S.C.
 16 1132(a)) is amended—

17 (1) by striking “and” at the end of paragraph
 18 (7);

19 (2) by striking the period at the end of para-
 20 graph (8) and inserting “; and”; and

21 (3) by inserting after paragraph (8) the follow-
 22 ing new paragraphs:

23 “(9) the term ‘internationalization of under-
 24 graduate education’ means the incorporation of for-
 25 eign languages and area and international studies

“(10) the term ‘educational programs abroad’ means programs of study, internships, or service learning outside the United States which are part of a foreign language or other international curriculum at the undergraduate or graduate education levels.”.

11 SEC. 605. TRANSFER AND REAUTHORIZATION OF GRAD-
12 UATE ASSISTANCE IN AREAS OF NATIONAL
13 NEED PROGRAM.

16 **“PART B—GRADUATE ASSISTANCE IN AREAS OF**
17 **NATIONAL NEED**

“In order to sustain and enhance the capacity for graduate education in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

1 **“SEC. 652. GRANTS TO ACADEMIC DEPARTMENTS AND PRO-**
2 **GRAMS OF INSTITUTIONS.**

3 “(a) GRANT AUTHORITY.—

4 “(1) IN GENERAL.—The Secretary shall make
5 grants to academic departments and programs and
6 other academic units of institutions of higher edu-
7 cation that provide courses of study leading to a
8 graduate degree in order to enable such institutions
9 to provide assistance to graduate students in accord-
10 ance with this part. The Secretary shall coordinate
11 the administration and regulation of programs under
12 this part with other Federal programs providing
13 graduate assistance to minimize duplication and im-
14 prove efficiency.

15 “(2) ADDITIONAL GRANTS.—The Secretary may
16 also make grants to such departments and programs
17 and to other units of institutions of higher education
18 granting graduate degrees which submit joint pro-
19 posals involving nondegree granting institutions
20 which have formal arrangements for the support of
21 doctoral dissertation research with degree-granting
22 institutions. Nondegree granting institutions eligible
23 for awards as part of such joint proposals include
24 any organization which—

25 “(A) is described in section 501(c)(3) of
26 the Internal Revenue Code of 1986, and is ex-

1 empt from tax under section 501(a) of such
2 Code;

3 “(B) is organized and operated substan-
4 tially to conduct scientific and cultural research
5 and graduate training programs;

6 “(C) is not a private foundation;

7 “(D) has academic personnel for instruc-
8 tion and counseling who meet the standards of
9 the institution of higher education in which the
10 students are enrolled; and

11 “(E) has necessary research resources not
12 otherwise readily available in such institutions
13 to such students.

14 “(b) AWARD AND DURATION OF GRANTS.—

15 “(1) AWARDS.—The principal criterion for the
16 allocation of awards shall be the relative quality of
17 the graduate programs presented in competing appli-
18 cations. Consistent with an allocation of awards
19 based on quality of competing applications, the Sec-
20 retary shall, in making such grants, promote an eq-
21 uitable geographic distribution among eligible public
22 and private institutions of higher education.

23 “(2) DURATION.—The Secretary shall approve
24 a grant recipient under this part for a 3-year period.
25 From the sums appropriated under this part for any

1 fiscal year, the Secretary shall not make a grant to
2 any academic department or program of an institu-
3 tion of higher education of less than \$125,000 or
4 greater than \$750,000 per fiscal year.

5 “(3) REALLOTMENT.—Whenever the Secretary
6 determines that an academic department or program
7 of an institution of higher education is unable to use
8 all of the amounts available to it under this part, the
9 Secretary shall, on such dates during each fiscal
10 year as the Secretary may fix, reallocate the amounts
11 not needed to academic departments and programs
12 of institutions which can use the grants authorized
13 by this part.

14 **“SEC. 653. INSTITUTIONAL ELIGIBILITY.**

15 “(a) ELIGIBILITY CRITERIA.—Any academic depart-
16 ment or program of an institution of higher education that
17 offers a program of postbaccalaureate study leading to a
18 graduate degree in an area of national need (as designated
19 under subsection (b)) may apply for a grant under this
20 part. No department or program shall be eligible for a
21 grant unless the program of postbaccalaureate study has
22 been in existence for at least 4 years at the time of appli-
23 cation for assistance under this part.

24 “(b) DESIGNATION OF AREAS OF NATIONAL
25 NEED.—After consultation with appropriate Federal and

1 nonprofit agencies and organizations, the Secretary shall
2 designate areas of national need. In making such designa-
3 tions, the Secretary shall take into account the extent to
4 which the interest is compelling, the extent to which other
5 Federal programs support postbaccalaureate study in the
6 area concerned, and an assessment of how the program
7 could achieve the most significant impact with available
8 resources.

9 **“SEC. 654. CRITERIA FOR APPLICATIONS.**

10 “(a) SELECTION OF APPLICATIONS.—The Secretary
11 shall make grants to academic departments and programs
12 of institutions of higher education on the basis of applica-
13 tions submitted in accordance with subsection (b). Appli-
14 cations shall be ranked on program quality by review pan-
15 els of nationally recognized scholars and evaluated on the
16 quality and effectiveness of the academic program and the
17 achievement and promise of the students to be served. To
18 the extent possible (consistent with other provisions of this
19 section), the Secretary shall make awards that are consist-
20 ent with recommendations of the review panels.

21 “(b) CONTENTS OF APPLICATIONS.—An academic
22 department or program of an institution of higher edu-
23 cation, in its application for a grant, shall—

24 “(1) describe the current academic program of
25 the applicant for which the grant is sought;

1 “(2) provide assurances that the applicant will
2 provide, from other non-Federal funds, for the pur-
3 poses of the fellowship program under this part an
4 amount equal to at least 25 percent of the amount
5 of the grant received under this part, which con-
6 tribution may be in cash or in kind fairly valued;

7 “(3) describe the number, types, and amounts
8 of the fellowships that the applicant intends to offer
9 under the grant;

10 “(4) set forth policies and procedures to assure
11 that, in making fellowship awards under this part,
12 the institution will make awards to individuals
13 who—

14 “(A) have financial need, as determined
15 under part F of title IV;

16 “(B) have excellent academic records in
17 their previous programs of study; and

18 “(C) plan to pursue the highest possible
19 degree available in their course of study;

20 “(5) set forth policies and procedures to ensure
21 that Federal funds made available under this part
22 for any fiscal year will be used to supplement and,
23 to the extent practical, increase the funds that would
24 otherwise be made available for the purpose of this
25 part and in no case to supplant those funds;

1 “(6) provide assurances that, in the event that
2 funds made available to the academic department or
3 program under this part are insufficient to provide
4 the assistance due a student under the commitment
5 entered into between the academic department or
6 program and the student, the academic department
7 or program will, from any funds available to it, ful-
8 fill the commitment to the student;

9 “(7) provide that the applicant will comply with
10 the limitations set forth in section 655;

11 “(8) provide assurances that the academic de-
12 partment will provide at least 1 year of supervised
13 training in instruction for students; and

14 “(9) include such other information as the Sec-
15 retary may prescribe.

16 **“SEC. 655. AWARDS TO GRADUATE STUDENTS.**

17 “(a) COMMITMENTS TO GRADUATE STUDENTS.—

18 “(1) IN GENERAL.—An academic department or
19 program of an institution of higher education shall
20 make commitments to eligible graduate students as
21 defined in section 484 (including students pursuing
22 a doctoral degree after having completed a master’s
23 degree program at an institution of higher edu-
24 cation) at any point in their graduate study to pro-
25 vide stipends for the length of time necessary for a

1 student to complete the course of graduate study,
2 but in no case longer than 3 years.

3 “(2) SPECIAL RULE.—No such commitments
4 shall be made to students under this part unless the
5 academic department or program has determined
6 adequate funds are available to fulfill the commit-
7 ment either from funds received or anticipated under
8 this part, or from institutional funds.

9 “(b) AMOUNT OF STIPENDS.—The Secretary shall
10 make payments to institutions of higher education for the
11 purpose of paying stipends to individuals who are awarded
12 fellowships under this part. The stipends the Secretary es-
13 tablishes shall reflect the purpose of this program to en-
14 courage highly talented students to undertake graduate
15 study as described in this part. In the case of an individual
16 who receives such individual’s first stipend under this part
17 in academic year 1999–2000 or any succeeding academic
18 year, such stipend shall be set at a level of support equal
19 to that provided by the National Science Foundation grad-
20 uate fellowships, except such amount shall be adjusted as
21 necessary so as not to exceed the fellow’s demonstrated
22 level of need as determined under part F of title IV.

23 “(c) TREATMENT OF INSTITUTIONAL PAYMENTS.—
24 An institution of higher education that makes institutional
25 payments for tuition and fees on behalf of individuals sup-

1 ported by fellowships under this part in amounts that ex-
2 ceed the institutional payments made by the Secretary
3 pursuant to section 656(a) may count the excess of such
4 payments toward the amounts the institution is required
5 to provide pursuant to section 654(b)(2).

6 “(d) ACADEMIC PROGRESS REQUIRED.—Notwith-
7 standing the provisions of subsection (a), no student shall
8 receive an award—

9 “(1) except during periods in which such stu-
10 dent is maintaining satisfactory progress in, and de-
11 voting essentially full time to, study or research in
12 the field in which such fellowship was awarded; or

13 “(2) if the student is engaging in gainful em-
14 ployment other than part-time employment involved
15 in teaching, research, or similar activities determined
16 by the institution to be in support of the student’s
17 progress towards a degree.

18 **“SEC. 656. ADDITIONAL ASSISTANCE FOR COST OF EDU-**
19 **CATION.**

20 “(a) INSTITUTIONAL PAYMENTS.—(1) The Secretary
21 shall (in addition to stipends paid to individuals under this
22 part) pay to the institution of higher education, for each
23 individual awarded a fellowship under this part at such
24 institution, an institutional allowance. Except as provided
25 in paragraph (2), such allowance shall be—

1 “(A) \$10,000 annually with respect to individ-
2 uals who first received fellowships under this part
3 prior to academic year 1999–2000; and

4 “(B) with respect to individuals who first re-
5 ceive fellowships during or after academic year
6 1999–2000—

7 “(i) \$10,000 for the academic year 1999–
8 2000; and

9 “(ii) for succeeding academic years,
10 \$10,000 adjusted annually thereafter in accord-
11 ance with inflation as determined by the De-
12 partment of Labor’s Consumer Price Index for
13 the previous calendar year.

14 “(2) The institutional allowance paid under para-
15 graph (1) shall be reduced by the amount the institution
16 charges and collects from a fellowship recipient for tuition
17 and other expenses as part of the recipient’s instructional
18 program.

19 “(b) **USE FOR OVERHEAD PROHIBITED.**—Funds
20 made available pursuant to this part may not be used for
21 the general operational overhead of the academic depart-
22 ment or program.

23 **“SEC. 657. CONTINUATION AWARDS.**

24 “Before making new awards under this part for any
25 fiscal year, the Secretary shall, as appropriate, making

1 continuation awards to recipients of awards under parts
 2 B, C, and D of title IX as in effect prior to the enactment
 3 of the Higher Education Amendments of 1998.

4 **“SEC. 658. AUTHORIZATION OF APPROPRIATIONS.**

5 “There are authorized to be appropriated
 6 \$40,000,000 for fiscal year 1999 and such sums as may
 7 be necessary for each of the 4 succeeding fiscal years to
 8 carry out this part.”.

9 (b) REPEAL.—Title IX (20 U.S.C. 1134 et seq.) is
 10 repealed.

11 **TITLE VII—CONSTRUCTION, RE-**
 12 **CONSTRUCTION, AND REN-**
 13 **OVATION OF ACADEMIC FA-**
 14 **CILITIES**

15 **SEC. 701. EXTENSION OF PRIOR RIGHTS AND OBLIGATIONS.**

16 Section 702(a) (20 U.S.C. 1132a–1(a)) is amended
 17 by striking “fiscal year 1993” and inserting “fiscal year
 18 1999”.

19 **SEC. 702. REPEAL OF PART A.**

20 (a) REPEAL.—Part A of title VII (20 U.S.C. 1132b
 21 et seq.) is repealed.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 701(b) (20 U.S.C. 1132a(b)) is
 24 amended by striking “part A or B” and inserting
 25 “part B”.

1 (2) Part B of title VII is amended by striking
2 section 726 (20 U.S.C. 1132c–5).

3 (3) Section 781 (20 U.S.C. 1132i) is amended
4 by striking “part A of this title, or” each place it
5 appears.

6 **SEC. 703. EXTENSION OF AUTHORIZATION OF PART B.**

7 Section 727(c) (20 U.S.C. 1132c–6(c)) is amended
8 by striking “fiscal year 1993” and inserting “fiscal year
9 1999”.

10 **SEC. 704. EXTENSION OF AUTHORIZATION OF PART C.**

11 Section 735 (20 U.S.C. 1132d–4) is amended by
12 striking “fiscal year 1993” and inserting “fiscal year
13 1999”.

14 **TITLE VIII—ADDITIONAL**
15 **PROVISIONS**

16 **SEC. 801. STUDY OF TRANSFER OF CREDITS.**

17 (a) STUDY REQUIRED.—The Secretary of Education
18 shall conduct a study to evaluate policies or practices insti-
19 tuted by recognized accrediting agencies or associations
20 regarding the treatment of the transfer of credits from
21 one institution of higher education to another, giving par-
22 ticular attention to—

23 (1) adopted policies regarding the transfer of
24 credits between institutions of higher education

1 which are accredited by different agencies or asso-
2 ciations and the reasons for such policies;

3 (2) adopted policies regarding the transfer of
4 credits between institutions of higher education
5 which are accredited by national agencies or associa-
6 tions and institutions of higher education which are
7 accredited by regional agencies and associations and
8 the reasons for such policies;

9 (3) the effect of the adoption of such policies on
10 students transferring between such institutions of
11 higher education, including time required to matric-
12 ulate, increases to the student of tuition and fees
13 paid, and increases to the student with regard to
14 student loan burden;

15 (4) the extent to which Federal financial aid is
16 awarded to such students for the duplication of
17 coursework already completed at another institution;
18 and

19 (5) the aggregate cost to the Federal Govern-
20 ment of the adoption of such policies.

21 (b) REPORT.—Not later than one year after the date
22 of enactment of this Act, the Secretary shall submit a re-
23 port to the Chairman and Ranking Minority Member of
24 the Committee on Education and the Workforce of the
25 House of Representatives and the Committee on Labor

1 and Human Resources of the Senate detailing his findings
2 regarding the study conducted under subsection (a). The
3 Secretary's report shall include such recommendation with
4 respect to the recognition of accrediting agencies or asso-
5 ciations as the Secretary deems advisable.

6 **SEC. 802. STUDY OF MARKET MECHANISMS IN FEDERAL**
7 **STUDENT LOAN PROGRAMS.**

8 (a) STUDY REQUIRED.—The Comptroller General, in
9 consultation with interested parties, shall conduct a study
10 of the potential to use auctions or other market mecha-
11 nisms in the delivery of Federal student loans in order
12 to reduce costs both to the Federal Government and to
13 borrowers. Such study shall include an examination of—

14 (1) the feasibility of using an auction of lending
15 authority for Federal student loans, and the appro-
16 priate Federal role in the operation of such an auc-
17 tion or other alternative market mechanisms;

18 (2) methods for operating such a system to en-
19 sure loan access for all eligible borrowers, while
20 maximizing the cost-effectiveness (for the Govern-
21 ment and borrowers) in the delivery of such loans;

22 (3) the impact of such mechanisms on student
23 loan availability;

24 (4) any necessary transition procedures for im-
25 plementing such mechanisms;

1 (5) the costs or savings likely to be attained for
2 the Government and borrowers;

3 (6) the feasibility of incorporating income-con-
4 tingent repayment options into the student loan sys-
5 tem and requiring borrowers to repay through in-
6 come tax withholding, and the impact of such an op-
7 tion on the willingness of lenders to participate in
8 auctions or other market mechanisms and on the ef-
9 ficiency of Federal management of student loan pro-
10 grams;

11 (7) the ability of the Department of the Treas-
12 ury to effectively auction the right to make student
13 loans; and

14 (8) other relevant issues.

15 (b) RECOMMENDATIONS.—Within 2 years after the
16 date of enactment of this Act, the Comptroller General
17 shall submit to the Congress a report on the study re-
18 quired by subsection (a) and shall include with such report
19 any legislative recommendations the Comptroller General
20 considers appropriate.

21 **SEC. 803. IMPROVEMENTS IN MARKET INFORMATION AND**
22 **PUBLIC ACCOUNTABILITY IN HIGHER EDU-**
23 **CATION.**

24 (a) IMPROVED DATA COLLECTION.—

1 (1) DEVELOPMENT OF UNIFORM METHODOLOGY.—The Secretary shall direct the Commissioner
2 of Education Statistics to convene a series of forums
3 to develop nationally consistent methodologies for re-
4 porting costs incurred by postsecondary institutions
5 in providing postsecondary education.
6

7 (2) SEPARATION OF UNDERGRADUATE AND
8 GRADUATE COSTS.—Such consistent methodologies
9 shall permit the Secretary to collect and disseminate
10 separate data with respect to the costs incurred in
11 providing undergraduate and graduate postsecond-
12 ary education.

13 (3) REDESIGN OF DATA SYSTEMS.—On the
14 basis of the methodologies developed pursuant to
15 paragraph (1), the Secretary shall redesign relevant
16 parts of the postsecondary education data systems to
17 improve the usefulness and timeliness of the data
18 collected by such systems.

19 (b) DATA DISSEMINATION.—The Secretary shall
20 publish, in both printed and electronic form, of the data
21 collected pursuant to subsection (a). Such data shall be
22 available in a form that permits the review and compari-
23 son of the data submissions of individual institutions of
24 higher education. Such data shall be presented in a form
25 that is easily understandable and allows parents and stu-

1 dents to make informed decisions based on the following
2 costs for typical full-time undergraduate or graduate stu-
3 dents—

4 (1) tuition charges published by the institution;

5 (2) the institution's cost of educating students
6 on a full-time equivalent basis;

7 (3) the general subsidy on a full-time equivalent
8 basis;

9 (4) instructional cost by level of instruction;

10 (5) the total price of attendance; and

11 (6) the average amount of per student financial
12 aid received, including and excluding assistance in
13 the form of loans.

14 **SEC. 804. DIFFERENTIAL REGULATION.**

15 (a) GAO STUDY.—The Comptroller General shall
16 conduct a study of the extent to which unnecessary costs
17 are imposed on postsecondary education as a consequence
18 of the applicability to postsecondary facilities and equip-
19 ment of regulations prescribed for purposes of regulating
20 industrial and commercial enterprises.

21 (b) REPORT REQUIRED.—Within one year after the
22 date of enactment of this Act, the Comptroller General
23 shall submit a report to the Congress on the results of
24 the study required by subsection (a).

1 **SEC. 805. ANNUAL REPORT ON COST OF HIGHER EDU-**
2 **CATION.**

3 (a) GAO REPORT REQUIRED.—The Comptroller
4 General shall conduct an on-going analysis of the follow-
5 ing:

6 (1) The increase in tuition compared with other
7 commodities and services.

8 (2) Trends in college and university administra-
9 tive costs, including administrative staffing, ratio of
10 administrative staff to instructors, ratio of adminis-
11 trative staff to students, remuneration of adminis-
12 trative staff, and remuneration of college and univer-
13 sity presidents or chancellors.

14 (3) Trends in: (A) faculty workload and remu-
15 neration (including the use of adjunct faculty); (B)
16 faculty-to-student ratios; (C) number of hours spent
17 in the classroom by faculty; and (D) tenure prac-
18 tices, and the impact of such trends on tuition.

19 (4) Trends in: (A) the construction and renova-
20 tion of academic and other collegiate facilities; and
21 (B) the modernization of facilities to access and uti-
22 lize new technologies, and the impact of such trends
23 on tuition.

24 (5) The extent to which increases in institu-
25 tional financial aid and tuition discounting have af-
26 fected tuition increases, including the demographics

1 of students receiving such aid, the extent to which
2 such aid is provided to students with limited need in
3 order to attract such students to particular institu-
4 tions or major fields of study, and the extent to
5 which Federal financial aid, including loan aid, has
6 been used to offset such increases.

7 (6) The extent to which Federal, State, and
8 local laws, regulations, or other mandates contribute
9 to increasing tuition, and recommendations on re-
10 ducing those mandates.

11 (7) The establishment of a mechanism for a
12 more timely and widespread distribution of data on
13 tuition trends and other costs of operating colleges
14 and universities.

15 (8) The extent to which student financial aid
16 programs have contributed to changes in tuition.

17 (9) Trends in State fiscal policies that have af-
18 fected college costs.

19 (10) Other related topics determined to be ap-
20 propriate by the Comptroller General.

21 (b) ANNUAL REPORT TO CONGRESS.—The Comptrol-
22 ler General shall submit to the Congress an annual report
23 on the results of the analysis required by subsection (a).

1 **SEC. 806. STUDY OF CONSOLIDATION OPTIONS.**

2 No later than 2 years after the date of enactment
3 of this Act, the Secretary shall report to Congress on the
4 desirability and feasibility of possible new Federal efforts
5 to assist individuals who have substantial alternative stu-
6 dent loans (other than direct student loans and federally
7 guaranteed student loans) to repay their student loans.
8 The report shall include an analysis of the extent to which
9 the high monthly payments associated with such loans
10 deter such individuals from jobs (including public-interest
11 and public-service jobs) with lower salaries than the aver-
12 age in relevant professions. The report shall include an
13 analysis of the desirability and feasibility of allowing the
14 consolidation of alternative student loans held by such in-
15 dividuals through the Federal student loan consolidation
16 program or the use of other means to provide income-con-
17 tingent repayment plans for alternative student loans.

18 **SEC. 807. EDUCATIONAL MERCHANDISE LICENSING CODES**
19 **OF CONDUCT.**

20 It is the sense of the Congress that all American col-
21 leges and universities should adopt rigorous educational
22 merchandise licensing codes of conduct to assure that uni-
23 versity and college licensed merchandise is not made by
24 sweatshop and exploited adult or child labor either domes-
25 tically or abroad and that such codes should include at
26 least the following:

1 (1) public reporting of the code and the compa-
2 nies adhering to it;

3 (2) independent monitoring of the companies
4 adhering to the code by entities not limited to major
5 international accounting firms;

6 (3) an explicit prohibition on the use of child
7 labor;

8 (4) an explicit requirement that companies pay
9 workers at least the governing minimum wage and
10 applicable overtime;

11 (5) an explicit requirement that companies
12 allow workers the right to organize without retribu-
13 tion; and

14 (6) an explicit requirement that companies
15 maintain a safe and healthy workplace.

16 **SEC. 808. REPEALS AND EXTENSIONS OF PREVIOUS HIGH-**
17 **ER EDUCATION AMENDMENTS PROVISIONS.**

18 (a) HIGHER EDUCATION AMENDMENTS OF 1986.—
19 Title XIII of the Higher Education Amendments of 1986
20 (20 U.S.C. 1091 note, 1121 note, 1221e–1 note, 1011
21 note, 1070a note, 1071 note, 1221–1 note, and 1091 note)
22 is repealed.

23 (b) HIGHER EDUCATION AMENDMENTS OF 1992.—

24 (1) TITLE XIV.—Title XIV of the Higher Edu-
25 cation Amendments of 1992 (20 U.S.C. 1071 note,

1 1080 note, 1221e note, 1070 note, 1221e–1 note,
 2 1070a–21 note, 1134 note, 1132a note, 1221–1
 3 note, and 1101 note) is repealed.

4 (2) TITLE XV.—Parts A, B, C, D, and E of
 5 title XV of the Higher Education Amendments of
 6 1992 (29 U.S.C. 2401 et seq., 20 U.S.C. 1452 note,
 7 1101 note, 1145h, and 1070 note) are repealed.

8 (3) OLYMPIC SCHOLARSHIPS.—Section 1543(d)
 9 of the Higher Education Amendments of 1992 is
 10 amended by striking “1993” and inserting “1999”.

11 **SEC. 809. LIMITATION.**

12 None of the funds appropriated under the Higher
 13 Education Act of 1965 or any other Act shall be made
 14 available by any Federal agency to the National Board for
 15 Professional Teaching Standards.

16 **SEC. 810. PROCEDURES FOR CANCELLATIONS AND**
 17 **DEFERMENTS FOR ELIGIBLE DISABLED VET-**
 18 **ERANS.**

19 The Secretary shall, in consultation with the Sec-
 20 retary of Veterans Affairs, develop and implement a proce-
 21 dure under which Department of Veterans Affairs physi-
 22 cians shall provide the certification and affidavits needed
 23 to enable eligible disabled veterans to document their eligi-
 24 bility for deferments and cancellations of student loans
 25 made, insured, or guaranteed under this title. Not later

1 than 6 months after the date of the enactment of this Act,
 2 the Secretaries of Education and Veterans Affairs shall
 3 jointly report to Congress on the progress made in devel-
 4 oping and implementing this procedure.

5 **TITLE IX—AMENDMENTS TO** 6 **OTHER LAWS**

7 **PART A—EDUCATION OF THE DEAF ACT**

8 **Subpart 1—Gallaudet University**

9 **SEC. 901. BOARD OF TRUSTEES MEMBERSHIP.**

10 Section 103(a)(1) of the Education of the Deaf Act
 11 of 1986 (20 U.S.C. 4303(a)(1)) is amended—

12 (1) in the matter preceding subparagraph (A),
 13 by striking “twenty-one” and inserting “twenty-
 14 two”;

15 (2) in subparagraph (A), by striking “and” at
 16 the end;

17 (3) in subparagraph (B), by striking the period
 18 at the end and inserting “; and”; and

19 (4) by adding at the end the following:

20 “(C) the liaison designated under section 206,
 21 who shall serve as an ex-officio, nonvoting mem-
 22 ber.”.

1 **SEC. 902. ELEMENTARY AND SECONDARY EDUCATION PRO-**
2 **GRAMS.**

3 (a) COMPLIANCE WITH CERTAIN REQUIREMENTS
4 UNDER THE INDIVIDUALS WITH DISABILITIES EDU-
5 CATION ACT.—Section 104(b)(3) of the Education of the
6 Deaf Act of 1986 (20 U.S.C. 4304(b)(3)) is amended by
7 striking “intermediate educational unit” and inserting
8 “educational service agency”.

9 (b) ADDITIONAL REQUIREMENTS.—Section
10 104(b)(4)(C) of such Act (20 U.S.C. 4304(b)(4)(C)) is
11 amended by striking clauses (i) through (iv) and inserting
12 the following:

13 “(i) Paragraph (1) and paragraphs (3)
14 through (6) of subsection (b).

15 “(ii) Subsections (e) through (g).

16 “(iii) Subsection (h), except the provision
17 contained in such subsection that requires that
18 findings of fact and decisions be transmitted to
19 the State advisory panel.

20 “(iv) Paragraphs (1) and (2) of subsection
21 (i).

22 “(v) Subsection (j), except that such sub-
23 section shall not be applicable to a decision by
24 the University to refuse to admit or to dismiss
25 a child, except that, before dismissing any child,
26 the University shall give at least 60 days notice

1 to the child's parents and to the local edu-
2 cational agency in which the child resides.

3 “(vi) Subsections (k) through (m).”.

4 **SEC. 903. AGREEMENT WITH GALLAUDET UNIVERSITY.**

5 Section 105(a) of the Education of the Deaf Act of
6 1986 (20 U.S.C. 4305(a)) is amended—

7 (1) in the first sentence, by striking “within 1
8 year after enactment of the Education of the Deaf
9 Act Amendments of 1992, a new” and inserting
10 “and periodically update, an”; and

11 (2) by amending the second sentence to read as
12 follows: “The necessity of the periodic update re-
13 ferred to in the preceding sentence shall be deter-
14 mined by the Secretary or the University.”.

15 **Subpart 2—National Institute For The Deaf**

16 **SEC. 911. AGREEMENT FOR THE NATIONAL TECHNICAL IN-**
17 **STITUTE FOR THE DEAF.**

18 Section 112 of the Education of the Deaf Act of 1986
19 (20 U.S.C. 4332) is amended—

20 (1) in subsection (a)(2), by striking “under this
21 section” and all that follows and inserting the fol-
22 lowing: “under this section—

23 “(A) shall periodically assess the need for modi-
24 fication of the agreement; and

1 “(B) shall also periodically update the agree-
2 ment as determined to be necessary by the Secretary
3 or the institution.”; and

4 (2) in subsection (b)(3), by striking “Commit-
5 tee on Education and Labor” and inserting “Com-
6 mittee on Education and the Workforce”.

7 **Subpart 3—General Provisions**

8 **SEC. 921. DEFINITIONS.**

9 Section 201 of the Education of the Deaf Act of 1986
10 (20 U.S.C. 4351) is amended—

11 (1) in paragraph (1)(C), by striking “Palau
12 (but only until the Compact of Free Association with
13 Palau takes effect),”; and

14 (2) in paragraph (5)—

15 (A) by inserting “and” before “the Com-
16 monwealth of the Northern Mariana Islands”;
17 and

18 (B) by striking “, and Palau” and all that
19 follows and inserting a period.

20 **SEC. 922. AUDITS.**

21 Section 203(b) of the Education of the Deaf Act of
22 1986 (20 U.S.C. 4353(b)) is amended in the first sentence
23 by inserting before the period at the end the following:
24 “, including the national mission and school operations of
25 the elementary and secondary programs”.

1 **SEC. 923. REPORTS.**

2 Section 204 of the Education of the Deaf Act of 1986
3 (20 U.S.C. 4354) is amended in the matter preceding
4 paragraph (1) by striking “Committee on Education and
5 Labor” and inserting “Committee on Education and the
6 Workforce”.

7 **SEC. 924. MONITORING, EVALUATION, AND REPORTING.**

8 Section 205(c) of the Education of the Deaf Act of
9 1986 (20 U.S.C. 4355(c)) is amended by striking “1993,
10 1994, 1995, 1996, and 1997” and inserting “1999
11 through 2003”.

12 **SEC. 925. RESPONSIBILITY OF THE LIAISON.**

13 Section 206 of the Education of the Deaf Act (20
14 U.S.C. 4356) is amended—

15 (1) in subsection (a), by striking “Not later
16 than 30 days after the date of enactment of this
17 Act, the” and inserting “The”; and

18 (2) in subsection (b)—

19 (A) in paragraph (2), by striking “and” at
20 the end;

21 (B) by redesignating paragraph (3) as
22 paragraph (4); and

23 (C) by inserting after paragraph (2) the
24 following:

25 “(3) serve as an ex-officio, nonvoting member
26 of the Board of Trustees under section 103; and”.

1 **SEC. 926. FEDERAL ENDOWMENT PROGRAMS.**

2 (a) FEDERAL PAYMENTS.—Section 207(b) of the
3 Education of the Deaf Act of 1986 (20 U.S.C. 4357(b))
4 is amended—

5 (1) in paragraph (2) to read as follows:

6 “(2) Subject to the availability of appropria-
7 tions, the Secretary shall make payments to each
8 Federal endowment fund in amounts equal to sums
9 contributed to the fund from non-Federal sources
10 during the fiscal year in which the appropriations
11 are made available (excluding transfers from other
12 endowment funds of the institution involved).”; and

13 (2) by striking paragraph (3).

14 (b) WITHDRAWALS AND EXPENDITURES.—Section
15 207(d)(2)(C) of such Act (20 U.S.C. 4357(d)(2)(C)) is
16 amended by striking “Beginning on October 1, 1992, the”
17 and inserting “The”.

18 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
19 207(h) of such Act (20 U.S.C. 4357(h)) is amended by
20 striking “fiscal years 1993 through 1997” each place it
21 appears and inserting “fiscal years 1999 through 2003”.

22 **SEC. 927. SCHOLARSHIP PROGRAM.**

23 Section 208 of the Education of the Deaf Act of 1986
24 (20 U.S.C. 4358) is hereby repealed.

1 **SEC. 928. OVERSIGHT AND EFFECT OF AGREEMENTS.**

2 Section 209 of the Education of the Deaf Act of 1986
3 (20 U.S.C. 4359) is amended—

4 (1) in subsection (a), by striking “Committee
5 on Education and Labor” and inserting “Committee
6 on Education and the Workforce”; and

7 (2) by redesignating such section as section
8 208.

9 **SEC. 929. INTERNATIONAL STUDENTS.**

10 (a) **ENROLLMENT.**—Section 210(a) of the Education
11 of the Deaf Act of 1986 (20 U.S.C. 4359a(a)) is amended
12 to read as follows:

13 “(a) **ENROLLMENT.**—A qualified United States citi-
14 zen seeking admission to the University or NTID shall not
15 be denied admission in a given year due to the enrollment
16 of international students.”.

17 (b) **CONFORMING AMENDMENT.**—Section 210 of
18 such Act (20 U.S.C. 4359a) is amended by redesignating
19 such section as section 209.

20 **SEC. 930. AUTHORIZATION OF APPROPRIATIONS.**

21 Section 211 of the Education of the Deaf Act of 1986
22 (20 U.S.C. 4360) is amended—

23 (1) in subsection (a), by striking “such sums as
24 may be necessary for each of the fiscal years 1993
25 through 1997” and inserting “\$83,480,000 for fiscal
26 year 1999, \$84,732,000 for fiscal year 2000,

1 \$86,003,000 for fiscal year 2001, \$87,293,000 for
2 fiscal year 2002, and \$88,603,000 for fiscal year
3 2003”;

4 (2) in subsection (b), by striking “such sums as
5 may be necessary for each of the fiscal years 1993
6 through 1997” and inserting “\$44,791,000 for fiscal
7 year 1999, \$46,303,000 for fiscal year 2000,
8 \$50,136,000 for fiscal year 2001, \$50,818,000 for
9 fiscal year 2002, and \$46,850,000 for fiscal year
10 2003”; and

11 (3) by redesignating such section as section
12 210.

13 **PART B—EXTENSION AND REVISION OF INDIAN**
14 **HIGHER EDUCATION PROGRAMS**

15 **SEC. 951. TRIBALLY CONTROLLED COLLEGES AND UNIVER-**
16 **SITIES.**

17 (a) EXTENSION TO COLLEGES AND UNIVERSITIES.—
18 The Tribally Controlled Community College Assistance
19 Act of 1978 (25 U.S.C. 1801 et seq.) is amended—

20 (1) by striking “community college” each place
21 it appears and inserting “college or university”;

22 (2) by striking “community colleges” each place
23 it appears and inserting “colleges and universities”;

1 (3) by striking “COMMUNITY COLLEGES”
2 in the heading of title I and inserting “COLLEGES
3 AND UNIVERSITIES”;

4 (4) by striking “community college’s” in section
5 2(b)(5) and inserting “college’s or university’s”;

6 (5) by striking “the college” in sections 102(b),
7 113(c)(2), and 305(a) and inserting “the college or
8 university”;

9 (6) by striking “such colleges” in sections
10 104(a)(2) and 111(a)(2) and inserting “such col-
11 leges and universities”;

12 (7) by striking “COMMUNITY COLLEGES” in the
13 heading of section 107 and inserting “COLLEGES
14 AND UNIVERSITIES”;

15 (8) by striking “such college” each place it ap-
16 pears in sections 108(a), 113(b)(2), 113(c)(2), 302,
17 303, 304, and 305 and inserting “such college or
18 university”;

19 (9) by striking “such colleges” in section
20 109(b) and inserting “such college or university”;

21 (10) in section 110(a)(4), by striking “Tribally
22 Controlled Community Colleges” and inserting “trib-
23 ally controlled colleges and universities”;

1 (11) by striking “COMMUNITY COLLEGE”
2 in the heading of title III and inserting “COLLEGE
3 AND UNIVERSITY”;

4 (11) by striking “that college” in sections
5 302(b)(4) and 305(a) and inserting “such college or
6 university”; and

7 (12) by striking “other colleges” in section
8 302(b)(4) and insert “other colleges and univer-
9 sities”.

10 (b) TITLE I ELIGIBLE GRANT RECIPIENTS.—Section
11 103 of the Tribally Controlled Community College Assist-
12 ance Act of 1978 (25 U.S.C. 1804) is amended—

13 (1) by striking “and” at the end of paragraph
14 (2);

15 (2) by striking the period at the end of para-
16 graph (3) and inserting “; and”; and

17 (3) by adding at the end the following new
18 paragraph:

19 “(4) has been accredited by a nationally recog-
20 nized accrediting agency or association determined
21 by the Secretary of Education to be a reliable au-
22 thority as to the quality of training offered, or is, ac-
23 cording to such an agency or association, making
24 reasonable progress toward such accreditation.”.

1 (c) AMOUNT OF TITLE I GRANTS.—Section
2 108(a)(2) of such Act (25 U.S.C. 1808(a)(2)) is amended
3 by striking “\$5,820” and inserting “\$6,000”.

4 (d) CLERICAL AMENDMENT.—Section 109 of such
5 Act (25 U.S.C. 1809) is amended by redesignating sub-
6 section (d) as subsection (c).

7 (e) AUTHORIZATION OF APPROPRIATIONS FOR TITLE
8 I.—Section 110 of such Act (25 U.S.C. 1810) is amend-
9 ed—

10 (1) by striking “1993” each place it appears
11 and inserting “1999”; and

12 (2) in subsection (a)(2), by striking
13 “\$30,000,000” and inserting “\$40,000,000”.

14 (f) AUTHORIZATION OF APPROPRIATIONS FOR TI-
15 TLES III AND IV.—Sections 306 and 403 of such Act (25
16 U.S.C. 1836, 1852) are each amended by striking “1993”
17 and inserting “1999”.

18 **SEC. 952. REAUTHORIZATION OF PROVISIONS FROM HIGH-**
19 **ER EDUCATION AMENDMENTS OF 1992.**

20 Title XIII of the Higher Education Amendments of
21 1992 (25 U.S.C. 3301 et seq.) is amended by striking
22 “1993” each place it appears in sections 1348, 1365, and
23 1371(e), and inserting “1999”.

1 **SEC. 953. REAUTHORIZATION OF NAVAJO COMMUNITY COL-**
2 **LEGE ACT.**

3 Section 5(a)(1) of the Navajo Community College Act
4 (25 U.S.C. 640e–1) is amended by striking “1993” and
5 inserting “1999”.

6 **Part C—GENERAL EDUCATION PROVISIONS ACT**

7 **SEC. 961. ACCESS TO RECORDS CONCERNING CRIMES OF**
8 **VIOLENCE.**

9 Section 444(h) of the General Education Provisions
10 Act (20 U.S.C. 1232g(h)) is amended to read as follows:

11 “(h) DISCIPLINARY RECORDS.—(1) Nothing in this
12 section shall prohibit an educational agency or institution
13 from—

14 “(A) including appropriate information in the
15 education record of any student concerning discipli-
16 nary action taken against such student for conduct
17 that posed a significant risk to the safety or well-
18 being of that student, other students, or other mem-
19 bers of the school community; or

20 “(B) disclosing such information to teachers
21 and school officials, including teachers and school of-
22 ficials in other schools, who have legitimate edu-
23 cational interests in the behavior of the student.

24 “(2) Nothing in this section shall prohibit any post-
25 secondary educational agency or institution from disclos-
26 ing disciplinary records of any kind which contain infor-

1 mation that personally identifies a student or students
 2 who have either admitted to or been found to have com-
 3 mitted any act, which is a crime of violence (as that term
 4 is defined in section 16 of title 18, United States Code),
 5 in violation of institutional policy, either as a violation of
 6 the law or a specific institutional policy, where such
 7 records are directly related to such misconduct.”.

8 **TITLE X—FACULTY RETIREMENT** 9 **PROVISIONS**

10 **SEC. 1001. VOLUNTARY RETIREMENT INCENTIVE PLANS.**

11 (a) IN GENERAL.—Section 4 of the Age Discrimina-
 12 tion in Employment Act of 1967 (29 U.S.C. 623) is
 13 amended by adding at the end the following:

14 “(m) Notwithstanding subsection (f)(2)(B), it shall
 15 not be a violation of subsection (a), (b), (c), or (e) solely
 16 because a plan of an institution of higher education (as
 17 defined in section 1201(a) of the Higher Education Act
 18 of 1965 (20 U.S.C. 1141(a))) offers employees who are
 19 serving under a contract of unlimited tenure (or similar
 20 arrangement providing for unlimited tenure) supplemental
 21 benefits upon voluntary retirement that are reduced or
 22 eliminated on the basis of age, if—

23 “(1) such institution does not implement with
 24 respect to such employees any age-based reduction
 25 or cessation of benefits that are not such supple-

1 mental benefits, except as permitted by other provi-
2 sions of this Act;

3 “(2) such supplemental benefits are in addition
4 to any retirement or severance benefits which have
5 been offered generally to employees serving under a
6 contract of unlimited tenure (or similar arrangement
7 providing for unlimited tenure), independent of any
8 early retirement or exit-incentive plan, within the
9 preceding 365 days; and

10 “(3) any employee who attains the minimum
11 age and satisfies all non-age-based conditions for re-
12 ceiving a benefit under the plan has an opportunity
13 lasting not less than 180 days to elect to retire and
14 to receive the maximum benefit that could then be
15 elected by a younger but otherwise similarly situated
16 employee, and the plan does not require retirement
17 to occur sooner than 180 days after such election.”.

18 (b) PLANS PERMITTED.—Section 4(i)(6) of the Age
19 Discrimination in Employment Act of 1967 (29 U.S.C.
20 623(i)(6)) is amended by adding after the word “accruals”
21 the following: “or it is a plan permitted by subsection
22 (m).”

23 (c) CONSTRUCTION.—Nothing in the amendment
24 made by subsection (a) shall affect the application of sec-

tion 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) with respect to—

(1) any plan described in subsection (m) of section 4 of such Act (as added by subsection (a)), for any period prior to enactment of such Act;

(2) any plan not described in subsection (m) of section 4 of such Act (as added by subsection (a)); or

(3) any employer other than an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965).

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—This section shall take effect on the date of enactment of this Act.

(2) EFFECT ON CAUSES OF ACTION EXISTING BEFORE DATE OF ENACTMENT.—The amendment made by subsection (a) shall not apply with respect to any cause of action arising under the Age Discrimination in Employment Act of 1967 prior to the date of enactment of this Act.

TITLE XI—OFFSETS REQUIRED

SEC. 1101. ASSURANCE OF OFFSETS.

(a) DECLARATION.—None of the provisions in this Act should take effect unless it contains the mandatory offsets set forth in subsection (b).

1 (b) ENUMERATION OF OFFSETS.—The offsets re-
2 ferred to in subsection (a) are provisions that—

3 (1) change the definition of default contained in
4 section 435(1) to extend the period of delinquency
5 prior to default by an additional 90 days;

6 (2) capitalize the interest accrued on unsub-
7 sidized and parent loans at the time that the bor-
8 rower enters repayment;

9 (3) recall \$65,000,000 in guaranty agency re-
10 serves, in addition to the amount required to be re-
11 called pursuant to the amendments in section 422 of
12 the Higher Education Act of 1965 contained in this
13 Act;

14 (4) eliminate the dischargeability in bankruptcy
15 of student loans made after the date of the enact-
16 ment of this Act for the cost of attendance for a
17 baccalaureate or advanced degree, and for which the
18 first payment was due more than seven years before
19 the commencement of the bankruptcy action; and

20 (5) sell sufficient commodities from the Na-
21 tional Defense stockpile to generate receipts of
22 \$80,000,000 in fiscal year 1999 and \$480,000,000
23 over five years.

TITLE XII—ALCOHOL CONSUMPTION

SEC. 1201. SENSE OF THE HOUSE OF REPRESENTATIVES.

It is the sense of the House of Representatives that, in an effort to change the culture of alcohol consumption on college campuses, all college and university administrators should adopt the following code of principles:

(1) For an institution of higher education, the president of the institution shall appoint a task force consisting of school administrators, faculty, students, Greek system representatives, and others to conduct a full examination of student and academic life at the institution. The task force will make recommendations for a broad range of policy and program changes that would serve to reduce alcohol and other drug-related problems. The institution shall provide resources to assist the task force in promoting the campus policies and proposed environmental changes that have been identified.

(2) The institution shall provide maximum opportunities for students to live in an alcohol-free environment and to engage in stimulating, alcohol-free recreational and leisure activities.

(3) The institution shall enforce a “zero tolerance” policy on the illegal consumption and binge

1 drinking of alcohol by its students and will take
2 steps to reduce the opportunities for students, fac-
3 ulty, staff, and alumni to legally consume alcohol on
4 campus.

5 (4) The institution shall vigorously enforce its
6 code of disciplinary sanctions for those who violate
7 campus alcohol policies. Students with alcohol or
8 other drug-related problems shall be referred to an
9 on-campus counseling program.

10 (5) The institution shall adopt a policy to dis-
11 courage alcoholic beverage-related sponsorship of on-
12 campus activities. It shall adopt policies limiting the
13 advertisement and promotion of alcoholic beverages
14 on campus.

15 (6) Recognizing that school-centered policies on
16 alcohol will be unsuccessful if local businesses sell al-
17 cohol to underage or intoxicated students, the insti-
18 tution shall form a “Town/Gown” alliance with com-
19 munity leaders. That alliance shall encourage local
20 commercial establishments that promote or sell alco-
21 holic beverages to curtail illegal student access to al-
22 cohol and adopt responsible alcohol marketing and
23 service practices.

1 **TITLE XIII—PROTECTION OF**
2 **STUDENT SPEECH AND ASSO-**
3 **CIATION RIGHTS**

4 **SEC. 1301. PROTECTION OF STUDENT SPEECH AND ASSO-**
5 **CIATION RIGHTS.**

6 (a) PROTECTION OF RIGHTS.—It is the sense of the
7 House of Representatives that no student attending an in-
8 stitution of higher education on a full- or part-time basis
9 should, on the basis of protected speech and association,
10 be excluded from participation in, be denied the benefits
11 of, or be subjected to discrimination or official sanction
12 under any education program, activity, or division directly
13 or indirectly receiving financial assistance under the High-
14 er Education Act of 1965, whether or not such program,
15 activity, or division is sponsored or officially sanctioned
16 by the institution.

17 (b) SANCTIONS FOR DISRUPTION PERMITTED.—
18 Nothing in this section shall be construed to discourage
19 the imposition of an official sanction on a student that
20 has willfully participated in the disruption or attempted
21 disruption of a lecture, class, speech, presentation, or per-
22 formance made or scheduled to be made under the aus-
23 pices of the institution of higher education.

24 (c) DEFINITIONS.—For the purposes of this section:

1 (1) PROTECTED SPEECH.—The term “protected
2 speech” means speech that is protected under the
3 1st and 14th amendments to the United States Con-
4 stitution, or would be so protected if the institution
5 of higher education were subjected to those amend-
6 ments.

7 (2) PROTECTED ASSOCIATION.—The term “pro-
8 tected association” means the right to join, assem-
9 ble, and reside with others that is protected under
10 the 1st and 14th amendments to the United States
11 Constitution, or would be protected if the institution
12 of higher education were subject to those amend-
13 ments.

14 (3) OFFICIAL SANCTION.—The term “official
15 sanction”—

16 (A) means expulsion, suspension, proba-
17 tion, censure, condemnation, reprimand, or any
18 other disciplinary, coercive, or adverse action
19 taken by an institution of higher education or
20 administrative unit of the institution; and

21 (B) includes an oral or written warning
22 made by an official of an institution of higher
23 education acting in the official capacity of the
24 official.

1 **TITLE XIV—DRUG AND ALCOHOL**
2 **PREVENTION**

3 **SEC. 1401. DRUG AND ALCOHOL ABUSE PREVENTION.**

4 (a) GRANTS AND RECONGNITION AWARDS.—Section
5 111, as redesignated by section 101(a)(3)(E), is amended
6 by adding at the end the following new subsections:

7 “(e) ALCOHOL AND DRUG ABUSE PREVENTION
8 GRANTS.—

9 “(1) PROGRAM AUTHORITY.—The Secretary
10 may make grants to institutions of higher education
11 or consortia of such institutions and contracts with
12 such institutions and other organizations to develop,
13 implement, operate, improve, and disseminate pro-
14 grams of prevention, and education (including treat-
15 ment-referral) to reduce and eliminate the illegal use
16 of drugs and alcohol and their associated violence.
17 Such contracts may also be used for the support of
18 a higher education center for alcohol and drug abuse
19 prevention which will provide training, technical as-
20 sistance, evaluation, dissemination and associated
21 services and assistance to the higher education com-
22 munity as defined by the Secretary and the institu-
23 tions of higher education.

24 “(2) AWARDS.—Grants and contracts shall be
25 made available under paragraph (1) on a competitive

1 basis. An institution of higher education, a consor-
2 tium of such institutions, or other organizations
3 which desire to receive a grant or contract under
4 paragraph (1) shall submit an application to the
5 Secretary at such time, in such manner, and con-
6 taining or accompanied by such information as the
7 Secretary may reasonably require by regulation.

8 “(3) ADDITIONAL REQUIREMENTS.—The Sec-
9 retary shall make every effort to ensure—

10 “(A) the equitable participation of private
11 and public institutions of higher education (in-
12 cluding community and junior colleges); and

13 “(B) the equitable geographic participation
14 of such institutions,

15 in grants and contracts under paragraph (1). In the
16 award of such grants and contracts, the Secretary
17 shall give appropriate consideration to institutions of
18 higher education with limited enrollment.

19 “(4) AUTHORIZATION OF APPROPRIATIONS.—
20 There are authorized to be appropriated to carry out
21 this subsection \$5,000,000 for fiscal year 1999 and
22 such sums as may be necessary for each of the 4
23 succeeding fiscal years.

24 “(f) NATIONAL RECOGNITION AWARDS.—

1 “(1) AWARDS.—For the purpose of providing
2 models of alcohol and drug abuse prevention and
3 education (including treatment-referral) programs in
4 higher education and to focus national attention on
5 exemplary alcohol and drug abuse prevention efforts,
6 the Secretary of Education shall, on an annual
7 basis, make 10 National Recognition Awards to in-
8 stitutions of higher education that have developed
9 and implemented effective alcohol and drug abuse
10 prevention and education programs. Such awards
11 shall be made at a ceremony in Washington, D.C.
12 and a document describing the programs of those
13 who receive the awards shall be distributed nation-
14 ally.

15 “(2) APPLICATION.—

16 “(A) IN GENERAL.—A national recognition
17 award shall be made under paragraph (1) to in-
18 stitutions of higher education which have ap-
19 plied for such award. Such an application shall
20 contain—

21 “(i) a clear description of the goals
22 and objectives of the alcohol and drug
23 abuse programs of the institution applying;

24 “(ii) a description of program activi-
25 ties that focus on alcohol and other drug

1 policy issues, policy development, modifica-
2 tion, or refinement, policy dissemination
3 and implementation, and policy enforce-
4 ment;

5 “(iii) a description of activities that
6 encourage student and employee participa-
7 tion and involvement in both activity devel-
8 opment and implementation;

9 “(iv) the objective criteria used to de-
10 termine the effectiveness of the methods
11 used in such programs and the means used
12 to evaluate and improve the program ef-
13 forts;

14 “(v) a description of special initiatives
15 used to reduce high-risk behavior or in-
16 crease low risk behavior, or both; and

17 “(vi) a description of coordination and
18 networking efforts that exist in the com-
19 munity in which the institution is located
20 for purposes of such programs.

21 “(B) ELIGIBILITY CRITERIA.—All institu-
22 tions of higher education which are two- and
23 four-year colleges and universities that have es-
24 tablished a drug and alcohol prevention and
25 education program are eligible to apply for a

1 National Recognition Award. To receive such
2 an Award an institution of higher education
3 must be nominated to receive it. An institution
4 of higher education may nominate itself or be
5 nominated by others such as professional asso-
6 ciations or student organizations.

7 “(C) APPLICATION REVIEW.—The Sec-
8 retary of Education shall appoint a committee
9 to review applications submitted under subpara-
10 graph (A). The committee may include rep-
11 resentatives of Federal departments or agencies
12 whose programs include alcohol and drug abuse
13 prevention and education efforts, directors or
14 heads (or their representatives) of professional
15 associations that focus on prevention efforts,
16 and non-Federal scientists who have back-
17 grounds in social science evaluation and re-
18 search methodology and in education. Decisions
19 of the committee shall be made directly to the
20 Secretary without review by any other entity in
21 the Department of Education.

22 “(D) REVIEW CRITERIA.—Specific review
23 criteria shall be developed by the Secretary in
24 conjunction with the appropriate experts. In re-

1 viewing applications under subparagraph (C)
2 the committee shall consider—

3 “(i) measures of effectiveness of the
4 program of the applicant that should in-
5 clude changes in the campus alcohol and
6 other drug environment or climate and
7 changes in alcohol and other drug use be-
8 fore and after the initiation of the pro-
9 gram; and

10 “(ii) measures of program institu-
11 tionalization, including an assessment of
12 needs of the institution, the institution’s
13 alcohol and drug policies, staff and faculty
14 development activities, drug prevention cri-
15 teria, student, faculty, and campus com-
16 munity involvement, and a continuation of
17 the program after the cessation of external
18 funding.

19 “(3) AUTHORIZATION.—For the implementation
20 of the awards program under this subsection, there
21 are authorized to be appropriated \$25,000 for fiscal
22 year 1998, \$66,000 for each of the fiscal years 1999
23 and 2000, and \$72,000 for each of the fiscal years
24 2001, 2002, 2003, and 2004.”.

1 (b) REPEAL.—Section 4122 of the Elementary and
2 Secondary Education Act of 1965 (20 U.S.C. 7132) is re-
3 pealed.

4 **TITLE XV—EQUAL OPPOR-**
5 **TUNITY FOR INDIVIDUALS**
6 **WITH LEARNING DISABIL-**
7 **ITIES**

8 **SEC. 1501. DEMONSTRATION PROJECTS ENSURING EQUAL**
9 **OPPORTUNITY FOR INDIVIDUALS WITH**
10 **LEARNING DISABILITIES.**

11 Subpart 2 of part A of title IV, as amended by section
12 405, is further amended by adding at the end the follow-
13 ing:

14 **“CHAPTER 6—DEMONSTRATION PROJECTS EN-**
15 **SURING EQUAL OPPORTUNITY FOR INDIVID-**
16 **UALS WITH LEARNING DISABILITIES**

17 **“SEC. 412A. PROGRAM AUTHORITY.**

18 “(a) IN GENERAL.—The Secretary may award grants
19 to, and enter into contracts and cooperative agreements
20 with, not more than 5 institutions of higher education that
21 are described in section 412B for demonstration projects
22 to develop, test, and disseminate, in accordance with sec-
23 tion 412C, methods, techniques, and procedures for ensur-
24 ing equal educational opportunity for individuals with
25 learning disabilities in postsecondary education.

1 “(b) AWARD BASIS.—Grants, contracts, and coopera-
2 tive agreements shall be awarded on a competitive basis.

3 “(c) AWARD PERIOD.—Grants, contracts, and coop-
4 erative agreements shall be awarded for a period of 3
5 years.

6 **“SEC. 412B. ELIGIBLE ENTITIES.**

7 “Entities eligible to apply for a grant, contract, or
8 cooperative agreement under this chapter are institutions
9 of higher education with demonstrated prior experience in
10 meeting the postsecondary educational needs of individ-
11 uals with learning disabilities.

12 **“SEC. 412C. REQUIRED ACTIVITIES.**

13 “A recipient of a grant, contract, or cooperative
14 agreement under this chapter shall use the funds received
15 under this chapter to carry out each of the following activi-
16 ties:

17 “(1) Developing or identifying innovative, effec-
18 tive, and efficient approaches, strategies, supports,
19 modifications, adaptations, and accommodations that
20 enable individuals with learning disabilities to fully
21 participate in postsecondary education.

22 “(2) Synthesizing research and other informa-
23 tion related to the provision of services to individuals
24 with learning disabilities in postsecondary education.

1 “(3) Conducting training sessions for personnel
2 from other institutions of higher education to enable
3 them to meet the special needs of postsecondary stu-
4 dents with learning disabilities.

5 “(4) Preparing and disseminating products
6 based upon the activities described in paragraphs (1)
7 through (3).

8 “(5) Coordinating findings and products from
9 the activities described in paragraphs (1) through
10 (4) with other similar products and findings through
11 participation in conferences, groups, and profes-
12 sional networks involved in the dissemination of
13 technical assistance and information on postsecond-
14 ary education.

15 **“SEC. 412D. AUTHORIZATION OF APPROPRIATIONS.**

16 “‘There are authorized to be appropriated to carry out
17 this chapter \$10,000,000 for each of the fiscal years 1999
18 through 2001.’”.

1 **TITLE XVI—SENSE OF THE**
2 **HOUSE OF REPRESENTA-**
3 **TIVES REGARDING DETEC-**
4 **TION OF LEARNING DISABIL-**
5 **ITIES, PARTICULARLY DYS-**
6 **LEXIA, IN POSTSECONDARY**
7 **EDUCATION**

8 **SEC. 1601. SENSE OF THE HOUSE OF REPRESENTATIVES.**

9 It is the sense of the House of Representatives that
10 colleges and universities receiving assistance under the
11 Higher Education Act of 1965 shall establish policies for
12 identifying students with learning disabilities, specifically
13 students with dyslexia, early during their postsecondary
14 educational training so they may have the ability to receive
15 higher education opportunities.

16 **TITLE XVII—SPECIAL**
17 **PROVISION**

18 **SEC. 1701. TERMINATION OF EFFECTIVENESS.**

19 Notwithstanding section 4 of the Act, subparagraph
20 (K) of section 485(g)(1) of the Higher Education Act of

- 1 1965, as amended by this Act, shall cease to be effective
- 2 on October 1, 1998.

Passed the House of Representatives May 6, 1998.

Attest:

Clerk.